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ABSTRACT

To describe and analyze the use of private organizations for supervision, training, or assistance of persons referred from criminal justice agencies was the purpose of this study. Procedures were divided into three parts: a review of relevant existing published data and, to the extent possible, ongoing studies; a survey of a national sample of private organizations providing corrections-related direct client services; and on-site field investigations of programs in several different urban settings. The major findings include the following: (1) laws authorizing community supervision of convicted persons and contracting with private organizations for correctional services have provided the states in the study with broad authority necessary for these programs; (2) there is a major shortage of information about referrals of defendants and convicted persons to community based programs; (3) there are organizations specializing in services to persons released from prison, persons referred by criminal court for narcotics addiction treatment, or other services to public offenders; however, a major proportion of direct client services to persons convicted of offenses lie outside this set of specialized programs; (4) cost figures are difficult to interpret because of the ambiguity of valuing services rendered; (5) accountability is most often in terms of process (number of clients admitted, average daily census) rather than in terms of client performance (number completing various stages; ratio of graduates to dropouts). (Implications of findings are discussed in terms of the need for referral sources and service vendors to develop jointly planned monitoring and accountability procedures, the need to determine the number of clients of specified types, and the need to determine the logic of decision making in referring clients to community based programs.) (JH)

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SUMMARY

CONTRACTING FOR CORRECTIONAL SERVICES IN THE COMMUNITY

VOLUME I

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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National Institute of Law Enforcement and Criminal Justice
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SUMMARY

CONTRACTING FOR CORRECTIONAL SERVICES IN THE COMMUNITY

VOLUME I

by

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MAY 1978

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United States Department of Justice

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ABSTRACT

This study provides some data on the role of private organizations in providing client services for community corrections.

One aspect of this phenomenon is that supervision and/or provision of services takes place in the open community instead of within closed institutional settings. The services include: pretrial diversion of "in lieu" referrals to community programs; probation supervision; prerelease programs for persons committed to the Department of Corrections; and parole. The study attempts to increase the understanding of the private sector in providing services to justice and corrections agencies. Questions, such as how and by whom persons are referred to the privately operated program in lieu of trial or further agency dispositions, what kinds of cases are referred and accepted, and what is accomplished in such arrangements which might not otherwise result if the private organization did not operate, are addressed. The report examines the historical, legal, and administrative context for contracting, characterizes referral and services, discusses costs and sources of support, and presents issues in planning and research.

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The entire enterprise is the result of the interest of the Corrections Division of the NILECJ in supporting an exploratory study of a broad field of activity. The Institute collectively does not necessarily endorse the conclusions reached by the study in this draft report. The project was fortunate in the series of project monitors who presided over the study during the application and grant periods: Marlene Beckman, Cynthia Sultan, and Phyllis Jo Baunach. Paul Kakugawa as our fiscal officer for the eighteen months performed the trying role of simultaneously protecting the fiscal interests of the project, the University, and LEAA. Melvin Sakurai provided help in editing of the draft final report. Amy Yamashita was indispensable as project secretary and office chargé d'affaires throughout the project. Norine Hegy, Henry Au, Lynn Arakaki, and Mavis Mizumoto worked as coders and typists.

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Any value of the study is due to these many hands which have taken part in the work. Errors, however, are not their responsibility but must rest with the principal investigators.

December, 1976
Honolulu, Hawaii

Gene Kasselbaum
Joseph Seldia

INTRODUCTION

How are private organizations used in corrections: questions for this research.

This is a descriptive study, developed out of an interest in (and a shortage of information about) the use of private organizations for supervision, training or assistance of persons referred from criminal justice agencies. These interests are on several levels:

- The laws authorizing or facilitating the use of private sector vendors of community-based corrections programs;
- Contracting arrangements and problems arising from contracting;
- The sources of referrals and the manner in which referrals are made;
- The characteristics of defendants and offenders referred to community organizations compared with those who are not;
- Types of service delivery organizations providing service and what transpires between referral sources and private organizations which supply services;
- The structure of program services, staffing, and client flow in the organizations;
- The income (sources and amounts of support) which sustains the organizations; the role played by contracting in securing support; the costs incurred.

The point of departure for the study is the referral process whereby persons under the jurisdiction of a criminal justice agency come under the auspices of a community-based organization in order to receive a treatment or service. The process involves referral of clients on the part of criminal justice agencies and a willingness to accept by community organizations. This relation is sometimes specified contracturally. A contract is a legally binding, mutually beneficial agreement between a source of funding and a source of service; it specifies conditions of payment, services to be provided, and reporting requirements. This project is primarily interested in contracts between public agencies and private organizations for direct client services.[1]

A *referral* is an official action which results in a person being serviced by an organization. The referral source may initiate this by court order or informally directing the client to apply to the organization. The referral may be requested by the *client* and approved by the agency. The referral may be actively recruited or sought by the organization and approved by the caseworker and the client. Referrals may be prearranged by purchase of service, by unfunded service agreements or other understanding, by third party payments or by simple citizen eligibility. For purposes of this survey, a referral is one of the above which results in the client being admitted to or given some service (if only an intake assessment) by the organization to which he or she has been referred.

In the simple bureaucratic sense, a referral disposes of a case by placing a person under the supervision of a source of service. But often the person referred is subject to still other referrals for as long as he or she is under the jurisdiction of a criminal justice agency. The current practice in American corrections is to extend a network of referrals and services with attendant responsibilities and restrictions

on a diverted or convicted person. It is of considerable importance that this network be studied in itself to avoid conventional over-simplifications of the criminal justice process.

This study sought to record data from which to construct a matrix of who makes referrals to whom in a given city. Locating a referral source led to locating service supplier organizations. Locating service organizations, in turn, permits analysis of characteristics of cases referred and accepted, and assessment of the selectivity of the referral organization link.

Study Procedures

The organizations providing services to corrections-referred clients share few properties: they are residential and non-residential; they may serve exclusively a criminal justice (law offender) population or a mixed clientele ("offender" and "non-offender"); they may seek or exclude alcoholics, drug addicts, persons with psychiatric problems; they may aspire to accomplishing major personal change through resocialization in a communal living situation, may aim at a more limited life-style modification such as avoidance of illegal activities, or obtaining a job and a credit rating, or they may provide specific services such as employment counseling. The organizations may get clients anywhere from pre-trial diversion to parole and confinement. Some programs even operate inside jails and prisons. The present study analyzes public and private in-community programs, and the emphasis is on contracting for *private in-community programs.*[2]

To accomplish an orderly description of these community programs, and to analyze their role in corrections,[3] the study was divided into three parts: a review of relevant existing published data and to the extent possible on-going studies; a survey of a national sample of private organizations providing corrections-related direct client services; and on-site field investigations of programs in several different urban settings.

Field work in the Project's pilot study location (Honolulu) and the four mainland locations consisted of: (1) interviews with officials of agencies with decision-making authority over defendants or convicted persons which could result in referrals of such persons to community-based correctional services; (2) interviews with caseworkers directly supervising such persons; (3) directors of special screening, assessment, and referral coordinating organizations which result in referrals; (4) interviews with directors or business managers of organizations which supply community-based correctional services such as halfway houses, drug and alcohol treatment programs, vocational counseling and education; and (5) making arrangement to secure data applicable to referrals and contracting from other sources, such as files or data tapes in agencies.

Referral sources included courts, probation and corrections agencies on the federal, state and, in some instances, local level. In addition, interviews were held with directors of a number of referral coordinating agencies and private projects. The larger referral agencies such as probation or parole required a number of interviews with separate personnel with decision-making responsibilities for referral. In many instances these interviews were also occasions for case-by-case coding of referral information.

The interviews with referral sources produced a list of organizations which presumably received referrals. Other sources of information also were consulted. These included: (1) organizations named by State Planning Agencies as receiving LEAA funding for correction programs; (2) local directories of organizations or resources for defendants, probationers, exprisoners, and parolees; (3) telephone directory (yellow pages) listings; and (4) organizations identified in this project's 1975 telephone survey of private organizations.

Even this list did not exhaust the population of all organizations involved in one way or another in providing services for clients referred by justice or correctional agencies. The effort to make contact with all organizations named by any referral source as providing services proved impossible. It was difficult to unambiguously define services to criminal justice referrals. There are some clearly specialized organizations such as halfway houses for former prisoners, pre-release or parole clients, but other services shade off gradually into the entire range of human services provided by a very wide array of organizations.

To the best of our knowledge no *type* of correctional service program operating in the five field sites was excluded from the set of organizations interviewed. The set of organizations is large enough and is composed in such a way that data produced in these interviews describe the major portion of such activities in each city. However, since the set of organizations is not a sample and not the entire population, the data and conclusions must be taken as limited to the 154 organizations studied.

Many of the questions posed in the interviews appeared to some respondents to be sensitive. The budget, sources of income, salaries paid to staff, monthly admissions, number of clients completing the training, are of potential value in criticizing and evaluating programs. No responsible administrator can be indifferent to how the organization appears when such information is used to describe the program. Sometimes the director chose not to provide the data. Some organizations did not have records sufficiently complete or well enough organized to provide answers to all of the questions. Rather than eliminate all organizations on which the data set was incomplete, a decision was made to attempt to use available data when possible, and to exclude cases only when a number of items were not complete. To have restricted the interviews to those organizations with complete and accessible records on admissions, turnover, budget and staffing would have simplified analysis considerably, but would have biased the results. The resulting picture would have overstated the degree to which management data are available. It would have excluded many organizations and made obscure some problems of monitoring and evaluating contract performance. Likewise, to have excluded interviews in which the respondent declined to divulge an item of information (almost always budget) would have resulted in overestimating the degree to which organizations are compliant with requests for information. The problem of information is a primary difficulty in monitoring the highly diffuse system developing in corrections. In this regard the problems of the research may prefigure some problems in monitoring and program evaluation. Although the policy was to be inclusive, some of the interviews which proved to be seriously incomplete were dropped from analysis. Most of the not completed interviews reflected the absence of information in accessible form rather than outright refusal of the program to take any part in the study. In all cities the overall willingness to be interviewed and even answer detailed questions about budgets (often involving extra work by the bookkeeper or finanacial officer)—even if grudgingly, was impressive.[4]

Usable interviews were obtained with a total of 49 community-based correctional service organizations in metropolitan Boston, 48 in San Francisco, 38 in the metropolitan Miami area, 15 in Madison, and 4 in Honolulu—a total of 154.

The interviewers also attempted to obtain copies of audited budgets, annual reports, and other documents giving data on the program, the organization, its support and costs. Obtaining the documented data was usually the most difficult aspect of the field work.

The field work consumed more project time than anticipated. In each city the large number of interviews with heads of organizations posed scheduling problems.

Directors were usually busy and often mobile. They were sometimes not available or changed appointments. They were as wary as any other executive of having their time wasted, and they were also understandably cautious about opening up their account books to researchers. Call backs were the rule rather than the exception. Moreover, as more organizations were located in the course of interviewing, the number of interviews grew and the time taken for them proved longer than anticipated. Data availability and access proved a major problem,[5] and a considerable number of call backs were required both to negotiate entry and to compile information from incomplete files on the organizations. These call backs continued by telephone in some instances after the on-site field work was finished. Both these problems were complicated by the great geographical dispersion of the study sites (from Honolulu to Boston) and two disruptive events which occurred during the peak of our field work in two cities: a transportation strike in San Francisco and widespread racial clashes in Boston. The latter made interviewing quite complicated for many weeks in some sections of the city. Interviewing in some instances was necessary even after the main field work was completed in the spring of 1976. It was necessary to telephone to get correct budgets or client flow data, and in one instance conduct a series of detailed interviews with an organization which was reorganizing at the time of our main field work. The last interview was completed in July 1976.

Main Findings: An Overview.

1. Laws authorizing community supervision of convicted persons and contracting with private organizations for correctional services have provided the states in the study with broad authority necessary for these programs. Contracting with private service organizations provides greater flexibility to public agencies as well as opportunities for program funding to private organizations. However, full flexibility to the agencies represents maximum uncertainty to the private vendor. Contracting also raises questions of monitoring and accountability, requiring in turn the formulation of a clear statement of what client services are to be provided and what measures of service delivery, program performance or client response are to be applied.

2. Referral networks in the urban areas studied are discussed in general terms. There is a major shortage of information about referrals of defendants and convicted persons to community based programs. Incomplete client data suggest small differences between referred and nonreferred cases. Unemployed persons, persons with more extensive criminal histories, younger and nonwhite persons are more likely to be referred to programs in probation and parole agencies sampled. Referral is heavily influenced by availability of services, the issue of payment, the willingness of the client to accept the referral. Few referral sources had explicit referral criteria, or lists of openings; responsibility for referral rests heavily on the caseworker.

3. Types of organizations providing services. There are organizations specializing in services to persons released from prison, persons referred by criminal court for narcotics addiction treatment, or other services to public offenders. However a major proportion of direct client services to persons convicted of offenses lie outside this set of specialized programs. The referral network is highly diffuse. This is also reflected in the funding. Programs whose major support is from criminal justice agencies comprise about 1 in 5 of all programs, less than 1 in 3 of private organizations. Programs whose biggest source of support is drug or alcohol funds form another 1 in 3 of all organizations.

Most programs operate at below capacity. The bulk of referrals are of persons

who already served some portion of sentence in confinement, or were on probation and not likely candidates for confinement.

4. Cost figures are difficult to interpret because of the ambiguity of valuing services rendered. In general residential programs are more expensive than nonresidential but variance is high. Mean daily per capita costs range widely; for private residential programs it is approximately $25 per day. Community based programs operated by government have lower mean costs than those operated by private organizations, but no simple assumption of equivalence of services is warranted. The proportion of capacity utilized, the size of budget, the proportion of the budget which was supplied by government payments, the number of referral sources sending clients and the percentage of all admissions which were criminal justice referrals, all contribute to the variance of mean daily cost. For private programs the client staff ratio, the percentage of capacity utilized and the percentage of all referrals which are criminal justice referrals, are most important.

5. Accountability was most often in terms of process (number of clients admitted, average daily census) rather than in terms of client performance (number completing various stages; ratio of graduates to dropouts; offense data).

6. Implications of findings for planning, administration and research are discussed in terms of three recommendations: (a) the necessity for referral sources and service vendors to develop jointly planned monitoring and accountability procedures. A major component of such monitoring would be a greatly improved information system on referrals; (b) the need to undertake studies on the capacity of community based private programs for supervision of a determined number of clients of specified types; (c) the logic of decision making in referring clients to community based programs.

Notes To Introduction

[1] The mechanism of subcontracting is used by government to obtain both general administrative services (such as the operation of a food service) and direct service to clients (such as education or psychological counseling). Such contracting can be for services provided inside the institution or outside the institution. The focus of the present study is on contracting with private organizations for direct services to clients provided outside the institution ("in the community"). General problems in contracting are discussed in Heyman (1961), *Law and Contemporary Problems* (Winter 1964, Spring 1964) and in relation to halfway houses in Beha (1975). Performance contracting is discussed in Garfinkl and Gramlich (1973).

[2] "Private" denotes both those organizations for which a market exists aside from correctional agencies (such as mental health services, drug treatment, vocational placement) and organizations highly or entirely dependent upon criminal justice contracts and referrals. It also includes self-service groups, for a discussion of which see Ballabon (1972). The earlier forms of private programs for the shelter and assistance of ex-prisoners should not be assumed to be unchanged today, as will be pointed out at several places in this report. James Beha (1975) remarks on the development from earlier prisoner aid type halfway houses to contemporary contract organizations stating that today:

> "the methods which bring the offender out of the institutional system into the community are also pulling the community programs into institutional functions. The early hostility of the criminal justice system to halfway houses saw their mission as *undoing the damage* done by a corrections system. They were extremely wary of government intervention and their direct successors have maintained this view. The more general shift from this stance to one of cooperation should be clear . . ." (Beha, p. 446)

See also the chapter on community corrections by Elizabeth and James Vorenberg in Lloyd Ohlin (1973) for a discussion of the growth of this type of program, Gorelick (1975), and Greenberg (1975) for critiques, and the review by David Rothman (1973).

[3] American Bar Association—Correctional Economics Center, *Standards and Goals Project: Plan for Cost Analysis of the Corrections Report* (Washington, D.C.: Author, January 1975), supplies useful definitions of "corrections", "community-based corrections", and "community-related activites":

(a) *Corrections* —corrections is generally used to refer to a pre-trial detention and release, sentencing, post-conviction detention, probation, parole and other community-based programs; when the term is used to refer to a narrower set of post-conviction activities, it is so specified.

(b) *Community-based corrections* —post-conviction correctional activities that are based primarily in a "non-secure" community setting, which either constitute alternative sentencing dispositions to secure institutional incarceration or alternative programs for offenders upon release from a secure institution (while both probation and parole activities are the major existing components of community-based corrections as it is defined here, these two activities will be analyzed independently in the Standards and Goals Project).

(c) *Community-related activities* —pre-conviction and post-conviction activities, residential or nonresidential, which provide persons in the criminal justice system with opportunities for contact with a community during work or leisure.

[4] In two instances, however, important organizations refused to agree to be interviewed. Both were large therapeutic communities which were open to the public in some of their programs ("games" or interpersonal confrontation sessions) and which made major efforts to solicit good will and contributions from the public-at-large. The programs were primarily for narcotic addicts, providing communal living, confrontation, and attack therapy in group sessions; both raised a substantial amount of money each year from public contributions and a variety of business enterprises and inputs of client (member) labor. Both claimed an uniquely high success rate with clients; both stated that the kinds of information and the counts requested would not "adequately present the value of their programs." Both declined to supply information after a discussion of the specific interview questions on client flow, split, budget, source and amount of funding. The director and founder of one of these organizations initially approved our collecting data, but subsequently withdrew permission after reviewing the questions on budget and client termination. He threatened to fire any staff member who we quoted and regarded a very low completion rate as being potentially misleading and damaging to the image of the organization. We regret our report, thus, does not reflect these organizations' contributions to the referral and service systems in the cities in which they are located.

[5] This experience is not uncommon in studies of community-based corrections. An excellent study under the direction of Joan Mullen (Abt Associates, 1974) sought follow-up data on pre-trial services program participants who did not complete the program to compare with recidivism data on program graduates. A tabulation of the reasons why these data were not in general possible to obtain from the programs is interesting and in several instances resonates with our own experience. In Boston "retrospective selection not feasable due to restricted access to court records;" in Cleveland "project staff not permitted direct access to probation records;" in San Antonio "court records inadequate for control selection;" in Atlanta "insufficient staff available for control selection and follow-up." The project summarizes hazards of attempting to obtain client data:

(1) Access to appropriate records was restricted in some jurisdictions, either by law or the discretion of court administrators. . . . Projects were often hesistant to negotiate access, as they were not eager to expend the time nor willing to 'test' their relationships with court personnel.
(2) Within many of the courts served by the program available records and record keeping systems were severely deficient.
(3) Locating and eliciting adequate information from former defendants was extremely difficult. (Abt Associates, pp. 9–10)

The third reason was not operative in our study although it was briefly considered and rejected as a possibility in the planning phase.

I. HISTORICAL, LEGAL, AND ADMINISTRATIVE CONTEXT FOR CONTRACTING

A. *Growth and Support for Private Contracting*

Historically, law enforcement and administration of criminal justice have fallen entirely under the jurisdiction of the state. Through its criminal laws, the state defines and punishes criminal acts and supervises the prosecution and defense of criminal offenders. However, modifications and changes in two sectors of the criminal justice system have recently served to broaden and diversify the meaning and practical scope of corrections.

One of these changes involves the substitution of private organizations for government agencies in the direct provision of services to defendants or convicted persons. The other concerns supervision and/or provision of services in the open community instead of within closed institutional settings. The impact of these changes is now becoming tangible. Together, these ideas are significant and far reaching in their implications for corrections. They have the potential of either diverting many persons from involvement with the formal machinery of justice or extending the reach of formal social regulation in our society.

Whether or not these changes result in a new approach to corrections, a number of interesting and important administrative, constitutional, and fiscal questions are raised. Certainly more systematic information is needed before we can fully assess the impact of these changes.

The present study provides some data on the role of *contracting* to obtain client services on several levels in community corrections: pre-trial diversion of "in lieu" referrals to community programs; probation supervision; pre-release programs for persons committed to the Department of Corrections; and parole. Data are presented not on probation or parole supervision *per se* but only insofar as these have implications as forms of referral to community-based programs. The interest is in persons not as offenders or probationers or parolees, but as *clients* of programs external to criminal justice or corrections institutions.

The study to be reported here examines this important phenomenon in the present dialogue over correctional priorities and strategies. Recent developments have contributed to a greater interest in contracting with private organizations for community-based corrections.

The expectation that treatment programs in institutional settings would bring a significant reduction in post-release recidivism appears to have been overoptimistic. Widely publicized summaries and commentaries on field studies evaluating correctional treatment programs have led to a greatly diminished interest and support for such programs in institutions, and have lent indirect support to the argument for community supervision of offenders.

In some states there has been the elimination of indeterminate sentencing in favor of flat terms of imprisonment. Nationally there are serious proposals for elimination of parole as presently understood, and making the participation in institutional (prison) treatment programs voluntary and not related to release criteria. These plans stipulate that custodial prisons imposing flat terms as punishment should be "last resort" dispositions and that community-based programs should be available for many persons who are not in prison (Fogel, 1975:264). Recently, the prison census has registered a rapid rise in the number of persons confined to federal and state prisons, reaching an all time high of 283,268 on December 31, 1976 (*Law Enforcement News*, March 1977). Federal court rulings that many of these prisons are so overcrowded as to constitute unfit places for human habitation have exerted strong influence on states to relieve prison population pressure. This undoubtedly means that community-based programs offer fiscal and legal advantages. There has been a revival of interest in deterrent effects of sanctions more swiftly and certainly imposed. However, fiscal crises in many cities have led to actual or threatened cutbacks in law enforcement and correctional programs, even to the extent of reductions in the police force. Again, these developments would appear to favor private sector community programs.

Table 1 *Summary of interviews completed.*

	Boston	Dade County	Honolulu	Madison	San Francisco	Total
Referral Source Agencies Interviewed:						
Federal Bureau of Prisons, Federal Probation and Parole	2	1	1	1	2	7
State or County Probation	2	1	1	1	1	6
State Corrections	1	—	1	—	—	2
State Parole	1	*	1	1	1	4
County Jail or Parole	2	1	—	1	1	4
Pre-Trial Diversion	3	1	1	1	1	6
Special Coordinating	7	4	1	—	—	11
Number of Referral Source Interviewed	18	8	6	5	6	40
Number of Service Supplier Organizations Interviewed	49	38	4	15	48	154
Number of Separate Facilities	92	70	9	30	99	300

* In Florida, Parole and Probation are found in one state agency.

Concurrent with all of the foregoing, there has been a steady growth in community-based programs at all stages of criminal justice processing:

a. pre-trial diversion and intervention;
b. condition of deferred prosecution or deferred acceptance of plea of guilt;
c. condition of probation;
d. means of serving last few months of a term of confinement (pre-release programs);
e. condition of parole, either at initial release or as a disposition at revocation.

B. Problems Addressed by the Study

In the study reported here the overall interest is to understand the significance of the private sector in providing services to justice and corrections agencies. How (and by whom) are persons referred to the privately operated program in lieu of trial or further agency dispositions? What kinds of cases are referred and accepted by these organizations (particularly as compared with the total caseload of the agencies)? What is accomplished in such arrangements which might not otherwise result if the private organizations did not operate?

The study developed out of an interest in the use of private organizations for the supervision and training (treatment, assistance) of persons diverted from criminal justice programs or while under sentence in a correctional agency, and presents data on the varieties of private sector vendors of community-based corrections; the laws authorizing or facilitating such programs; the sources of referrals and the manner in which referrals are made; the characteristics of defendants and offenders referred to community organizations compared with those who are not; forms of contracting and perceptions of advantages and disadvantages of contracting; the costs incurred, both in general and in relation to alternatives; what transpires between referral sources and private organizations which supply services; the structure of program services and client flow in the organizations; and the income (sources and amounts of support) which sustains the organizations and the role played by contracting in securing support.

The special interest of this research project was contracting (or subcontracting) as a means of obtaining program services from organizations. Both referrals and organizations are presumed to operate in contexts or environments which are best assessed by observing them in various community settings. For this reason, to capture the wide variations in private correctional arrangements, data were gathered in *five* metropolitan areas in the United States: Boston, Massachusetts; Dade County, Florida; Honolulu, Hawaii; Madison, Wisconsin; and San Francisco, California. Data include interviews with personnel in criminal justice agencies and in community-based programs, as shown in tables 1 and 2. Client data were also obtained when accessible, chiefly from government agencies.

C. Statutes Relevant to Community Corrections

There are basically two types of legal regulations that affect the environment of community corrections programs: those that regulate the flow of persons into programs, and those that pertain to the funding

Table 2 *Organizations selected for studies in each of five cities*

Management and Primary Source of Contract Funding	Boston	Dade County	Honolulu	Madison	San Francisco	Totals
Government						
Justice	3	3	2	4	3	15
Substance Abuse	2	17			3	22
Other	7	1			4	12
Private						
Justice	10	7		6	7	30
Substance Abuse	19	4	1	4	15	43
Other	8	6	1	1	16	32
Total	49	38	4	15	48	154

of programs. Often associated with the latter category are regulations concerning the licensing and operation of programs.

Both types of regulations exist on the federal and state levels. However, while federal referral regulations affect only those persons involved in the federal court and correctional system, and have little effect on the states, federal funding regulations most profoundly affect persons involved with the state and county court and correctional systems.

Laws that authorize or mandate referral of persons to community programs exist at four stages of the criminal justice process: pre-trial (diversion), post-adjudication, during incarceration (work furlough), and after prison (pre-release, parole). Within each of these categories offenders are often further differentiated according to what is perceived to be their "primary problem" or the type of law violated. Thus, one often finds in some of the referral stages laws specific to drug abusers, alcohol abusers, youth offenders, first offenders, misdemeanants, etc.

A review of federal and state legislation authorizing or mandating referral to community programs revealed that virtually every criminal justice agency of custody and supervision has been vested with broad discretionary powers to pass at least partial authority for supervision in the community along to publicly or privately operated community programs.

With respect to funding, it is clear that the provision of funds specifically designated for the use of offender-oriented programs represents only a small part of the picture. As citizens, offenders are eligible for services in programs not specifically oriented to their legal status.

A complex system of federal and state legislation authorizes the funding of programs that have significant contact with persons in some way involved with the criminal justice system. The relevant legislation is frequently specifically oriented toward the funding of programs dealing with offender populations; but just as often programs receive funds disbursed to ameliorate urban problems (alcoholism, drug abuse, mental health, unemployment) much broader than the offender population. Moreover, the fieldwork showed that criminal justice agencies make extensive use of these community programs not primarily oriented to offenders.

Many offenders find their way into these broad-based community programs because they are perceived by legal officials to have as the cause of their criminal behavior, one or more of the problems to which these programs are oriented. For example, primary problems such as substance abuse, mental illness, or unemployment are often seen as the cause of criminal offenses like robbery, rape, burglary, assault, shoplifting, or forgery.

In addition to federal LEAA funding, federal funds are available to community programs through the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91–616), the Drug Abuse Office and Treatment Act of 1972 (P.L. 92–255), the Community Mental Health Centers Act of 1963 (P.L. 88–164), and the Comprehensive Employment and Training Act of 1973 (P.L. 93–203). These laws make funds available to states willing to establish comprehensive services in conformity with federal requirements. The typical model in each of these legally defined areas involves the designation of a single state agency with overall authority to plan a program of services. The emphasis is on comprehensiveness, planning, and integration of services. Use of private agencies is permitted and in some cases encouraged. Those private programs which negotiate contracts with federal or state

agencies disbursing federal funds, subject themselves to considerable regulation concerning program form, content and accountability.

As already suggested, empirical evidence on referrals indicates that the criminal justice system is making extensive use of non-criminal justice programs. This is due at least in part to the fact that they are without direct cost to the criminal justice agencies which, even though they are often authorized to negotiate their own contracts, tend to be chronically underfunded. The discovery of the widespread availability and use of non-offender programs funded in part by the federal government raises important questions concerning the rhetoric and reality of contracting and the relative efficacy of programs more directly oriented to the clients' legal status.

D. Funding and Referral Contracts

For the purposes of this report, a "contract" is defined as a mutally beneficial, legally binding agreement between a source of funds and a source of treatment or services. The agreement specifies their mutual obligations regarding such matters as services to be provided, compensation, and procedures of referral and intake of clients. This definition therefore excludes consideration of grants from the United Way, gifts from private foundations, service agreements not involving compensation, and entitlements (e.g., social security, food stamps, medicaid, welfare, etc.). We are most interested in those arrangements in which a public agency exchanges funds for some influence in defining the target population and activities of a community-based program. We shall refer to these arrangements as "contracts."

Contracts are but one source of revenue of organizations. They are, however, the most pervasive means by which organizations meet their expenses. A contract is often the critical means by which new programs start. Moreover, the survival or failure of programs is at least indirectly related to the organization's capacity to obtain and renew contracts.

Public funding sources may be partitioned into three categories: *criminal justice* sources, *substance abuse* sources, and a residual category, *dispersed* governmental sources. These sources differ in the degree to which they are involved with the criminal justice system.

The first, criminal justice sources, define their target population exclusively as persons diverted from or sentenced to a criminal justice or corrections agency. Criminal justice funding sources include the Law Enforcement Assistance Administration (LEAA), various agencies of custody and jurisdiction, and, in some instances, direct governmental appropriations.

As the name of the category might suggest, substance abuse funding sources support drug and alcohol treatment programs or pay for other services to clients with alcohol or drug problems. Drug and alcohol programs usually have a mixed clientele in the sense that only a portion is currently involved with the criminal justice system. Many clients in drug and alcohol programs enter them under no direct pressure from criminal justice agencies. Of those that are referred or pressured by criminal justice agencies, some have violated criminal laws directly related to substance abuse (e.g., sale, possession or use of drugs, public inebriation, or drunk driving). Others have violated more general criminal laws but are perceived by legal officials to have substance abuse as an underlying problem. For example, burglars may be supporting heroin addiction. The more important substance abuse funding agencies are the National Institute of Drug Abuse (NIDA) and the National Institute of Alcoholism and Alcohol Abuse (NIAAA).

Dispersed funding sources also have broad based target populations which may include a portion of criminal justice related clients. Among the major funding sources is the Department of Labor (DOL) Comprehensive Employment and Training Act (CETA) which supports general employment programs and programs specifically for parolees (e.g., the "Model Ex-Offender Program"). Another important source of support for community based services for offenders is the National Institute of Mental Health (NIMH).

There are two types of funding contracts: block grants and fee-for-service arrangements. Block grants provide general support for programs regardless of variation in number of clients served or number of service units delivered (e.g., days of treatment, counseling sessions, hours of service delivery).

Funding arrangements are quite complex. Many programs are dependent upon funds originating from the federal government. However, it is important to recognize that federal funds are intertwined with state and local matching funds. Moreover, federal funds are very often distributed to contractors through state or local offices (e.g., state planning agencies, councils on criminal justice, county consortiums, substance abuse agencies, and bureaus of alcoholism). From the point of view of private community programs, contracts with state or local

agencies are often referred to as "federal money." However, in our convention for classifying sources of funding, source is determined by the most immediate public agency which negotiated the contract and dispersed the funds. Thus, for example, if an organization received a grant directly from LEAA in Washington, it is classified as a *federal* contract in this study. If the program received LEAA funds from a state planning agency, it is classified as a *state* contract. If, however, the state planning agency provided a block grant to a county jail or local criminal justice council which in turn contracted with a community-based program for services, it is classified as a *local* contract.

Multiple funding sources for the same program or organization, state and local match for federal funds, and changes in administrative structures distributing funds are common. No model of simple funding categories can adequately reflect the true complexity of the financial arrangements by which community programs are supported. This complexity cannot be ignored, however, since cost considerations are inescapable in developing an adequate description of the role of community corrections.

The funding structure for community programs was examined in each of the five cities. Although a detailed comparison among cities could not be made, certain commonalities and variations among the cities merit attention. LEAA, NIDA, NIAAA, and CETA funds are ubiquitous; they are major sources of funds for community programs in all the cities we studied. These funds, however, are used in somewhat different ways in the different cities. In Boston substantial LEAA funds are distributed to the Department of Corrections which uses them to contract with private programs. In San Francisco, Miami and Madison, LEAA funds are distributed directly to community programs by the use of block grants. However, in Miami LEAA funds are frequently funneled thorugh coordinating referral agencies. LEAA funds in Honolulu are not extensively used for direct client services to adults. Funds are granted to the Department of Social Services and Housing which then contracts with a halfway house for services.

Similar variation exists in modes of distribution of NIDA, NIAAA, and CETA funds with the former two often being combined with general federal, state, and local mental health funds. NIDA and NIAAA are usually distributed and monitored by special divisions of departments of health. CETA funds are distributed by a "prime sponsor," often departments or units of government. There is a strong tendency for federal funds to be locally administered; most contracts are negotiated between a local agency and community programs.

State and local funds also provide support for community programs both independently and in the form of matching funds. However, criminal justice agencies themselves disburse less funds for community-based corrections than had been anticipated. Many of these agencies simply do not have the funds for the purchase of community corrections services.

E. Key Issues in Contracting

Observations and interviews during the on-site field research revealed several important issues involved in contracting for human services. Some of these issues are specific to contracts negotiated by criminal justice agencies; others are relevant to any human service contract between a public agency and a private organization. However, both types of issues center around problems of flexibility, stability, accountability, effectiveness, and cost. These issues and problems are interrelated in a complex manner.

Flexibility is very often given by public agencies as a major reason for contracting with private firms rather than starting a new public program. Flexibility is provided by the fact that the use of contracts, especially of the fee-for-service type, necessitates no major commitment on the part of the public contracting agency to the provision of services at any particular level (number of clients) or for any particular period of time. Should funds become scarce or should client characteristics shift, a contract can be terminated or allowed to lapse with minimum difficulty. Public agencies contrasted this flexibility with the rigidity involved in starting a new public program. Primarily because the staff of public programs must be civil service, with all the tenure implications thereof, institution of a publicly operated program necessitates a strong commitment by a public agency toward the continued provision of a service at a level at least high enough to justify a given level of staff. Public programs are not as easily altered in response to budget or service need changes as are contractual relationships with private programs.

Those features of contracting that provide flexibility to the public agency, however, present serious problems of stability to the private program. In order to be able to recruit quality staff, to arrange for physical facilities, and to create an effective program, private organizations require some measure of predictability concerning the flow of clients and funds into the program. Many private programs have attempted to protect themselves from the negative

effects of contracting agency flexibility by building up a diversified portfolio of funding sources. By this means, they minimize the effects on the programs of withdrawal of any one source of funds. The director of one Honolulu drug treatment program attributed the stability of funding of his program to the large number of sources he has brought together to fund the program. According to him: "Our funding is stable because it is diversified. Every source of revenue buys a piece of the action."

Such a strategy, however, is not without increased administrative cost to the program. It means hustling not one grant or contract but several. Moreover, it means segregating different classes of clients or designing a program that simultaneously meets the program, service, evaluation, and fiscal requirements of several public agencies. As the number of funding sources increases, the time spent satisfying their requirements must increase. It is not uncommon to find a private program keeping several sets of books to conform with the accounting requirements of several funding agencies. One pre-release halfway house which had contracts with both state and federal correctional agencies recently started a separate new house for the federally funded clients in order to be better able to cope with the program and fiscal requirements of each of the agencies. In so doing it undoubtedly raised administrative costs and may have sacrificed economies of scale.

Private programs have other means of responding to the flexibility made possible by contracting. One intriguing approach discovered in the sites was the organized attempt of programs to gain control over or influence with the funding sources. Organizations of service providers are common, especially among the substance abuse programs. They frequently have a formal, legally sanctioned input to funding decisions. The San Francisco Coordinating Council on Drug Abuse, a coalition of private and public drug abuse programs, is the Technical Advisory Committee to the County Drug Program Coordinator and as such reviews and evaluates proposals for funding, often submitted by its own members. In Hawaii, the Oahu Drug Abuse Coalition (ODAC) represents another example of program input to funding decisions. The Coalition was given a direct appropriation of $314,089 by the State Legislature for fiscal year 1976 which it divided among its membership (6 programs). ODAC also makes recommendations concerning applications from vendors which are *not* members of ODAC (e.g., new programs).

In sum, the implications of the flexibility afforded public agencies by contracting are complex. That which is flexibility for the public agency is unpredictability for the private program. Private programs cannot be seen as passive objects but rather as active participants in seeking to reduce funding uncertainty. The strategies employed by private programs include the diversification of funding and the collective exercise of influence in funding decisions.

Closely related to the issue of flexibility is that of accountability and control. For the contracting agency the issue is specifically whether value is received for resources expended. Criminal justice agencies have a special concern over the level of control the program maintains over criminal justice referrals.

The findings were mixed regarding the level of control that public contracting agencies exercise over contracted private programs. Some informants in public agencies pointed with pride at their system of programs with which they contracted for services. Others described their contractual relationships as unsatisfactory. The ultimate sanction which can be administered to a program not fulfilling its obligations is termination of the contract. However, the feasibility of this action appears to vary among agencies. One agency with many contracts for alcoholism services cited several examples of contracts terminated for a lack of fiscal accountability or failure to deliver services. According to the contracting officer once a serious problem is discovered, the agency immediately gives 60 days notice of termination of the contract. During this period the agency attempts to work out the problem with the program.

Other agencies were less sanguine about the use of this method of control. On the issue of termination, an informant in another city stated:

> It is hard to terminate a contract in (this) state government in less than a year or two even when you have the contractor dead to rights.

During the fieldwork, several examples were encountered of grossly inefficient programs which continued to be funded out of political considerations or simple inattention by the contracting agency.

There seemed to be some consensus among contracting agencies that a high level of supervision is necessary to ensure performance by private programs. Monitoring often incudes on-site inspections, financial audits, formal evaluations, and follow-up contacts with clients. One experienced contract officer who had suggested that the key to service quality is close supervision, also found that large organizations with trained staff and regular procedures require less supervision than smaller programs.

Two practices in contract monitoring were commonly mentioned by agency staff and/or program directors as troublesome. One is the complaint that to keep in conformity with changes in federal law and regulation required rewriting contracts frequently, particularly in those instances where contracts are for one year or less and renewable. Renegotiating or rewriting contracts is also an oblique means by which vendor compliance with contract requirements is maintained. A second practice widely mentioned as inefficient is monitoring via personal site visits to programs by agency personnel. Program operators complained that personal visits consumed staff time in the organization and dealt with issues which could be covered in written reports on a monthly or demand schedule.

A major problem encountered in monitoring contracting for human services is determining whether the services were ever delivered. This problem is especially acute in non-residential programs. The characteristics of the population that receives human services make follow-up of clients by the agency extremely difficult. Clients are often transient and not oriented to assisting public agencies to determine whether they got their money's worth.

The major source of ambiguity in contract monitoring is the absence of criteria of performance or outcome desired. Some contracts were found which did not include any criteria by which service delivery could be measured, or by which it could be determined if a service had been delivered at all (for example, some contracts did not specify any number of clients or contacts for any given time period). Where monitoring criteria were explicit, process measures were typically used. Programs were evaluated chiefly in terms of cost, beds occupied, or clients admitted. Where applicable, the split rate or expulsion rate or both were taken as indirect indicators of how well or badly the program was doing. Few programs had data on recidivism of their clients such as new conviction, return to prison, person-days free of arrest or evidence of resumed drug use, or seemed subject to review by the agency on such criteria.

Recidivism data are almost never used in program evaluation because of the difficulty of collection and the fact that they are usually so dated that such information could have little effect on the program by the time the data are in hand.

Criminal justice agencies encounter special problems of accountability and control. Being strongly oriented to the client's offender status, criminal justice agencies generally prefer a high level of surveillance and control over their referrals. These special considerations may include urine testing for narcotics, curfew observance, and above all, an immediate report if the client leaves the program or is AWOL. Some privately operated programs are staffed by people who are indifferent to these concerns and even opposed to the social control priorities of criminal justice agencies. Many programs, especially in alcoholism treatment, report that they only accept "voluntary" admissions and discourage criminal justice agencies from coercing clients to enter their programs. However, most programs reported that they would at least notify the criminal justice referral agency if a referred client left the program or engaged in criminal behavior. Few, if any, substance abuse contracts specifically require the contracting program to cooperate with criminal justice agencies.

Our general impression is that criminal justice agencies exercise even less control over those programs with which they do not have contracts. If a criminal justice agency desires serious attention to its concerns, it must contract with the private programs directly. The larger the proportion of the program's budget it contributes the more attention its priorities will likely receive.

A final issue directly related to flexibility and control must be raised. The image and rhetoric of contracting assume the model of a free market economy in which the public agency purchases human services from one or several of a pool of programs willing and able to provide the service. Contracts are made with those programs which are, at the time, offering the best product at the lowest cost. According to the model, programs will be motivated to provide maximum service at minimum cost because of the competitive market.

Analysis of some of the major laws affecting funding agencies and programs, as well as our fieldwork experience in the five cities suggest that this image is considerably and increasingly divorced from reality. Federal administration regulations specify the form and content of any program receiving federal funds directly or indirectly. Even though these regulations are not always followed, the fact remains that private programs receiving federal funds, especially in the substance abuse area, must be prepared to standardize services in conformity with these requirements. Those programs, then, become somewhat distinct from other programs not subject to such requirements. This situation restricts the pool of programs eligible for contracts.

Federal legislation also emphasizes a planned com-

prehensive approach to the delivery of services. The "single state agency" every state must have to administer its mental health, drug abuse, alcoholism and LEAA programs is in every case to construct an integrated system of services without duplication. To the extent that particular programs become part of an integrated system, competition is strongly inhibited. Components of an integrated system cannot be easily changed without disrupting that system.

In sum, the system that is developing at the federal level is one of a planned economy. It has few of the characteristics of the free market. Entrance to the field is inhibited by program requirements. Innovation is reduced for the same reason. There is less competition among service deliverers. Licensing requirements are increasingly important. Many private programs take on a quasi-public character as they receive public funds. Perhaps the major difference between them and public programs is that their employees enjoy no civil service protections, a feature which does not escape the notice of trade unions.

II. REFERRALS AND SERVICES

A. The "Referral Structure"

The referral process in each of the five cities is different and quite complex. Each city has developed its own method of processing people through the criminal justice system. To describe these processes in some detail represents a major task; perhaps, an impossible one. However, by using a common analytic framework for each city, we can present an overview of the referral process which can be used to identify commonalities and differences in the structure among the cities.

The referral structure in a city can be differentiated into four distinct parts (see Figure 1):

1. *Funding source.* The agency that provides funding of clients into programs. Some of the more common funding sources include the Law Enforcement Assistance Administration, National Institute of Mental Health, Department of Labor, Division of Vocational Rehabilitation, National Institute for Alcoholism and Alcohol Abuse, and National Institute of Drug Abuse. Another source of funds is entitlements of some sort (i.e., medical insurance, social security, unemployment).

2. *Agency of jurisdiction and custody.* The agency that has custody over a person. Common agencies include State Probation, State Parole, County Probation, County Parole, State Prison, Federal Prison, Federal Probation, Federal Parole, County Jail, and various courts.

3. *Coordinating agencies.* A centralized agency that screens and accepts clients from agencies of jurisdiction. Coordinating agencies usually refer clients to programs. These agencies generally serve specific types of clients (e.g., drug abusers, alcoholics, first offenders).

4. *Community programs.* Public or private programs that provide direct services to criminal justice clients.

B. Relationship of Funding to Referrals

The relationship of the four parts mentioned above varies from city to city. However, we can make

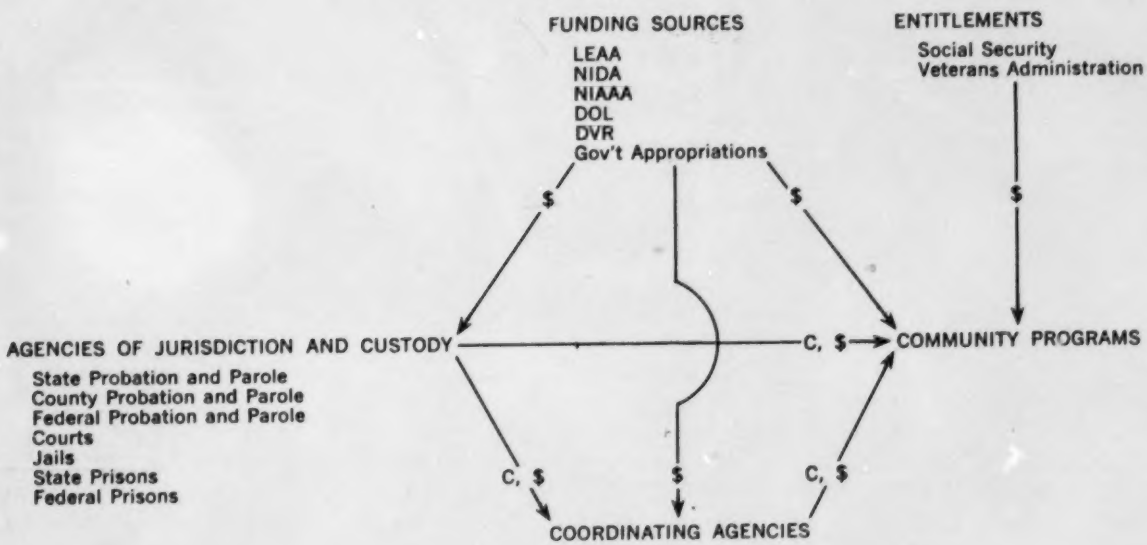

Figure 1

general observations regarding the possible relationships that occur.

- Funding sources disperse money to agencies of jurisdiction: (a) Contractual arrangements can then be made with the coordinating agencies. Coordinating agencies can, in turn, contract out to community programs; (b) Contractual arrangements can be made with the community program.
- Funding sources disperse money to the community program; the program makes arrangements with the agency of jurisdiction or the coordinating agencies for referrals.
- Funding sources disperse money to the coordinating agency; the coordinating agency makes arrangements with the agencies of jurisdiction and the community programs.
- Entitlement funds may be dispersed to pay for selected clients in community programs.

Referrals may occur in two distinct ways. A client may be referred from the agency of jurisdiction directly into a community program; or a client may be referred to a coordinating agency and then referred to a community program. The referral process is dependent upon the funding arrangements that exist in the social structure. Client services must be paid for. If the agency of jurisdiction does not have any funds, the clients must be referred to a program that has its own means of support, from which the client is entitled to get public benefits.

There is a shortage of information about referrals of defendants and convicted persons to community-based correctional programs. Data are not routinely collected and assembled in a manner which permits rapid access. Our fieldwork examined referrals coming from: (1) agencies of jurisdiction and (2) screening and coordinating agencies.

In five cities referral sources were studied by interviewing agency personnel and abstracting agency records and caseworker files. For each city, agencies of jurisdiction varied in the likelihood of referring cases to programs in community settings, in the type of program utilized, and in the use of contracts as a means of obtaining services. Interviews with referral source agency personnel identified community organizations and government agencies to which cases were referred and/or with which the referral source had contracts.

In *Boston* the Department of Corrections (DOC) operates community-based facilities directly as well as contracts with the private sector for programs. The two primary services purchased are residential pre-release houses, and drug and alcohol detoxification and treatment. Approximately 5% to 8% of Department of Corrections commitments are managed in community pre-release. There are few differences between persons referred and persons maintained in institutions. There are some differences between the population in the Department of Corrections-run pre-release centers and privately-run pre-release centers. The Parole Division refers clients to community programs on a limited basis as well as operates a special program contracting with private citizens for supervisory services to parolees. Probation in Boston apparently uses referrals and contracting far less than corrections, although serious gaps in data for probation preclude specific estimates. A special county regional probation project (LEAA funded) links six District Courts and provides expanded and coordinated referral services. This program includes a substance abuse referral service as well—mostly pre-trial. Other coordinating agencies include Treatment Alternatives to Street Crime (TASC) and the Boston Manpower Administration.

In *Dade County* the distinguishing feature of referrals to community-based programs is the relatively centralized intake for alcohol and narcotic cases; these combined with an active county Pre-Trial Intervention program and a Comprehensive Offender Program direct a large number of cases to both privately-operated and government-run programs. Pre-Trial Intervention (PTI) acceptances constitute 12% of felony arrests, and PTI successfully completed and *nolle-prossed* were 6% of all felony cases closed in 1975. Central Intake Drugs is a major source of cases for the government-operated Components and privately-operated Affiliates of the Comprehensive Drug Program (CDP). TASC works within CDP and supplies clients to Central Intake. TASC clients are referred about equally to government and non-government programs; court referrals go more often to private and non-charged (non-TASC) applicants go almost exclusively to private programs.

In *Honolulu* the State Department of Corrections operates pre-release centers as well as contracts with privately-operated programs. A small number of organizations received almost all criminal justice referrals and contracts. Pre-trial diversion is by means of a deferred acceptance of guilty plea; Federal Probation and the U.S. Bureau of Prisons contract with private vendors for residential services and for narcotic urine analysis. One of the private programs, in addition to several residential programs

operates a job training and placement program for parolees.

Madison presents a marked contrast to Honolulu. Honolulu has the great bulk of the state population and about 90% of the offender population; Madison (Dane County) has approximately 5% of probation cases for Wisconsin, and about 6% of the parole admissions for 1975. No formal coordination of community referral exists, but one private mental health agency functions as an informal (de facto) clearinghouse. It is the largest organization of this kind in the county and operates several programs which receive criminal justice referrals. A relatively high proportion of probation cases (55%) and parole cases (65%) are referred to community organizations for some kind of service.

In *San Francisco* five major referral source agencies were identified: U.S. Probation and Parole, State Parole, County Probation, County Parole, and one non-criminal justice program—the Mobile Assistance Patrol (MAP). Rough estimates of proportion of cases referred had to be used, since record analysis was limited to small, equal-size samples of referred and non-referred cases. The estimates averaged about 22% for Federal Probation and Parole; about 76% for State Parole (but with a range of individual estimates from 100% to 20%); about 47% for Municipal Court referrals; and about 43% for Superior Court.

C. Characteristics of Referrals to Community Programs

The on-site studies of referrals to community-based programs were partly designed to collect data in agencies of jurisdiction. The data were to be used in estimating the percentage of clients referred to community programs for a given year for each agency in the five cities. It had initially seemed possible to divide the adjudicated population into two classes, "referred to community programs" and "not referred," thus enabling comparisons by agency and city. From these data, the primary question to be answered is: are the cases referred substantially different than those not referred? Is there "creaming" of the best risks or, on the other hand, is referral to a community-based program an additional constraint imposed on high risk cases?

Characteristics of persons are used as indicators of "good risk" and "bad risk" cases. Young, married, persons convicted of lesser crimes, or persons with minimal criminal records would be considered examples of good risk cases. Examples of bad risk cases would be those persons who are older, single, convicted of severe crimes, and with long criminal histories. Good risk cases are those persons viewed as warranting special considerations because of their lesser likelihood of committing other crimes. Moreover, good risk cases may be referred because they need additional help in reducing the stigma of institutionalization. Bad risk cases may be referred to prove their desire to reform, or because of the very severity of their circumstance. Such referrals may be seen either to demonstrate motivation or as mechanism to create motivation. The basic issue, then, is to determine which of the above referral patterns exist in the different agencies in five cities. Are there any differences between those referred to community programs? If there are, do they tend to be good risk or bad risk cases?

Client data were collected from 10 criminal justice agencies in the five cities: 1 agency in Boston, 2 in Dade, 1 in Honolulu, 2 in Madison and 4 in San Francisco. These agencies were selected because some general comparisons could be made between those clients referred to community programs and those not so referred. Characteristics of clients referred and clients not referred were analyzed in bivariate cross tabulations and in multiple regression analysis. The most consistent difference between persons sent to community-based programs and those who are not is that those sent are more likely to be unemployed, and have a more extensive criminal history.

Generally there was little variation explained by any of the variables. However, lack of employment

Table 3 *Listing of agencies where comparisons of the characteristics of referrals and non-referrals can be made*

City	Agency
Boston	Massachusetts Department of Corrections
Dade County	U.S. Probation State Probation and Parole
Honolulu	State Parole
Madison	State Probation State Parole
San Francisco	U.S. Probation County Probation State Parole County Parole

Table 4 *Variables used in regression on referred—non-referred*

a. Married (1=yes; 0=no)
b. OFFENSE: DUMMY VARIABLES
   A Felony person (1=yes; 0=no)
   B Felon-property (1=yes; 0=no)
   C Misdemeanor person (1=yes; 0=no)
   D Misdemeanor property (1=yes; 0=no)
   E Substance abuse (1=yes; 0=no)
c. Prior jail (1=yes; 0=no)
d. Prior prison (1=yes; 0=no)
e. Parole before (1=yes; 0=no)
f. Probation before (1=yes; 0=no)
g. Probation or parole ever revoked (1=yes; 0=no)
h. Juvenile record (1=yes; 0=no)
i. Was client employed at the time decision to refer? (1=yes; 0=no) [called "EMPLOYMENT"]
j. Family in area (1=yes; 0=no)
k. Felony conviction within the past 5 years (1=yes; 0=no)
l. Age of client (1=under 30; 0=over 30)

Table 4a *Discrimination between referred and non-referred cases*

Actual Outcome	Predict Refer	Predict Non Refer	
Referred	66.6%	33.4%	
	(480)	(241)	(721)
Non referred	34.6%	65.4%	
	(250)	(473)	(723)
Ungrouped cases	(25)	(34)	(59)

Percent of grouped cases correctly identified=66.6

Variables (in order of entry)
Unemployment
Crimhist
Age
Ethnicity

Canonical correlation with refer-non refer=.354

was the most consistent single predictor of referral. It is apparent that the initial hypothesis of "creaming" or sending good risk clients to community programs is not consistently supported. However, it is also apparent that it is not simply a process of referring bad risk cases. The best available set of predictor variables (chiefly unemployment and criminal history) across the sites and between agencies correctly predicts whether a client is referred to a community program in only 66% of the cases. See table 4a.

The meaning of referrals varies and may explain why the variables do not more accurately distinguish between referrals and non-referrals. Referrals differ from agency to agency. No universal expectation can be held that the referral cases represent better risk cases or poorer risk cases than the remainder of the population. For some agencies, referrals to community-based programs represent additional constraints on liberty, imposed when the agency is unsure of the client. For other agencies, the referral is for clients with more favorable prognosis for adjustment. Probation and parole are often examples of the first, and pre-release and pre-trial intervention programs examples of the second. At times, statutes define the criteria for referrals, notably for example in most pre-trial intervention programs which must take the better risk cases, sometimes excluding the older, unemployed, addicted person with prior convictions and/or history of violence. Thus, the characteristics vary from agency to agency and from city to city.

Another reason for the low level of discriminative power in the variables in explaining referrals may be attributed to the notion that referrals are essentially a clinical assessment (unless mandated by law as in pre-trial intervention programs for drug addicts). A client is evaluated by the caseworker and differences in referrals may be due to variation of the caseworker's outlook and work habits. For example, from our observations, it was apparent that some caseworkers either did not know of programs in the community, or if they did, they knew very little about them. In referring clients to programs caseworkers report judging a client by "gut feelings." Gut feelings were based on the client's "attitude," "motivation" or the like. Such evaluations are not based on the client's characteristics but instead on his or her demeanor. In sum, characteristics of caseworkers may better predict referrals than do characteristics of the client.

Another plausible reason for client characteristics not sharply distinguishing between referred and non-referred cases is that referral itself is heavily influenced by the availability of services and the issue of payment. In interviews with agency personnel who make decisions to refer and not refer, these pragmatic questions arose frequently. Several respondents noted their agencies simply did not or could not pay for services when there were alternatives, at no cost to the referral source. Another factor is the willingness of a client to enroll in a program or the capacity of the agency to press him into enrolling or apply sanctions if the client subsequently drops out. Caseworkers stated the willingness of an organization to accept the client and the willingness of the client to enroll were the big questions.

The lack of clear intake criteria for service organizations implies that timing of openings as well as sheer availability may override particular characteristics of clients in determining referral. Similarly, since few referral source agencies had explicit referral criteria, centralized lists or pools of referral openings or coordinated programs concerning referrals, the responsibility for referral rests heavily on the caseworker. Individual propensities of the supervising agent, availability of services to the agency and individual client willingness to enroll all may be more likely to influence who is or is not referred to a service than characteristics of clients.

The difficulty of assembling data sets on referred/non-referred is another indication of the information problems inherent in the widely dispersed activities of community corrections. There is no support in these data however for viewing the referred population as a distinctive or highly select portion of the population of adjudicated defendents.

D. Characteristics of Service Providers: A National Survey of Private Organizations

An initial task of the project (prior to the on-site studies) was to do a national telephone survey of privately operated community-based programs which provide services to persons involved in the criminal justice system. A questionnaire was designed to gather information on organizational characteristics including the origin of criminal justice referrals, services offered, volume of clients admitted, volume of splits, failures and losses, funding sources, and staff characteristics. In addition to providing a descriptive data base, these data make possible comparisons of organizations by type of funding (contract-noncontract) and age of program.

Interviews were completed with the directors of 94 organizations sampled from the directory of the International Association of Halfway Houses and a list of LEAA funded programs which met the screening criteria of: (1) at least 50% of the organizations' clients are adults, (2) at least 25% of the clients are referrals from the criminal justice system, and (3) the organization is privately operated.

More than half (57%) of the facilities are residential only; 22% are mixed and the remainder are non-residential only. Half of them began services in 1972 or later; these represent survivors to 1975 only since we do not have data on now defunct organizations. The facilities are located in urbanized regions, most frequently in the West, South Central, and North Central, with fewer in the South. The number of clients varies widely. About half of the facilities have male clients only; 37% of the facilities have both males and females; 11% have female clients only. Males predominate as members even in co-ed facilities. Probation and parole are the most frequently cited legal status of clients served. Programs which cater to alcohol and narcotics abuse problems are more numerous than others, despite a sampling restriction on alcohol-only programs.

In general, size of budget, size of client caseload, and size of staff are correlated. It also appears that the programs initiated prior to 1972 are more likely to be currently providing services for larger numbers of clients and have larger budgets than programs initiated later. Overall about half the programs have a contract with a government agency to provide corrections-related services. Facilities which are wholly non-residential are less likely to have such a contract than are residential facilities. Fewer very recently started programs have contracts than older organizations. Government funding predominates in this sample. Most organizations have more than one source of support. Nearly two-thirds report less than a per annum income of $150,000.

Directors of programs are predominantly college educated or professionally trained: 70% had at least a Bachelor's degree, 84% reported clinical experience. However, 31% reported being an "ex-offender" or former client of such a program. These account for most of the directors with lower levels of education; 13% of ex-offender directors had graduate degrees compared with 46% of the other directors, and 60% of the directors who are ex-offenders did *not* have a college degree compared with only 15% of the other directors.

Organizations headed by ex-offenders are largely similar in characteristics to those headed by persons without this background. However, there are some differences: former offenders run organizations with smaller budgets, lower mean split and fail rates, and different referral sources (courts and social workers rather than probation and parole). These are gross indicators but suggest a somewhat lower risk clientele.

Programs were quite vague on their criteria for admission and expulsion. With respect to admission, a large number simply stated that "it depends so much on the individual that no general statement can be made." The most frequently mentioned criterion is a policy of open admissions qualified only by the requirement that the client be prepared to abide by program rules. Termination decisions for unsatisfactory clients are typically made by program staff and

not clients. There were no instances of specific or determinate criteria for termination, and many comments that no single criterion is used.

It is widely known that community-based programs have a high turnover of clients. The turnover occurs because the client walks away, because the program terminates the client, or because the client is arrested and confined for a new offense (sometimes arrest precedes expulsion of the client). Thus client turnover can be classified into three types: *splits* (client leaves without satisfactorily completing the program), *failures* (the client is expelled before completing the program), and *loss* (arrest or revocation of furlough, parole, or probation). Rates for each class of client turnover were constructed by dividing the number of clients lost through splits in a year (and in turn those lost through failures and loss) by the total admissions for the year. In some cases the split rate was reported directly from the organization, in other instances we calculated it.

The highest split rates occur in programs where the only consequence to the client is that he or she would be dropped from the program (1974 rate is 62% of admissions). In programs where revocation of probation or some other tangible deprivation may be imposed, split rates averaged 22% and 20%. Likewise, the highest split rates were found for programs with the highest threshold (tolerance) for failure (averaging 82% for organizations where a new arrest was the point at which removal from the program occurs). However, a high non-response rate on this item (41% of sample) makes interpretation risky. Organizations with contracts have a higher split rate than organizations without (46% for contract, 26% for non-contract). The failure rate (expulsions) is higher for organizations which had no sanctions for splitting, and a high tolerance of failure; the failure rate is higher for contract than for non-contract programs (26% as compared with 17%).

Multivariate analysis (multiple regressions, factor analysis, and discriminant analysis) was employed to determine whether differences exist between programs operating on contract with criminal justice agencies and those which do not have such contracts. The analysis failed to demonstrate strong differences between contracting programs and others.[1]

E. Characteristics of Service Organizations: On-Site Studies in Five Cities

The absence of directories and a sampling frame, as well as an interest in the context within which contracting takes place, prompted the project to choose urban areas for study and to locate community based contracting programs by first approaching the source of the referrals of clients from justice and corrections agencies.

In part, the first task of the project in any of the cities in which data were collected was to define and locate the elements of the private sector in community corrections, and the relevant government administered programs with which to make comparisons. Project field staff were urged to follow up leads on likely organizations providing services to justice or corrections agencies.

The organizations selected for study do not constitute a random sample from a known population of all contractors and government operated community programs in the cities studied. Precisely because there was no adequate list, the study started with referral source agencies and built up a list for each city. It would not have been useful to pretend that available directories of halfway houses or grant recipients denoted a population of programs which provided services for justice and correctional agencies.

The effort was to be inclusive. Interviews were conducted with all organizations which were identified as providing services to court, probation, corrections or parole referrals. The organizations omitted consisted almost entirely of those whose primary interest is in services to a population the majority of whom are not involved in criminal justice proceedings or under sentence. For example, although we learned of referrals to community mental health centers, we did not include these in the interviews unless the particular program or screening unit was identified to us as having a special interest or service for criminal justice clients. Thus for example, merely being an alcoholic treatment program was not enough for inclusion in this study; what was required was that the organization be identified by a correctional or justice agency as receiving probationers or parolees, or as having a contract for providing services.

The organizations in which data were collected range from the very small to the very large. They include both residential and non-residential programs, with management both by government and private firms. Residential programs admit fewer persons, have smaller average populations, and are somewhat more specialized in having a higher proportion of admissions from criminal justice and corrections agencies.

Among the organizations providing referral details,

[1] Statistical tables relevant to the statements made in this survey are to be found in the complete report of this project.

Table 5 *Government agencies and private organizations classified by primary source of contract: percent of all admissions are referrals from Justice and Corrections*

RESIDENTIAL PROGRAMS	Total Admissions	Mean Admissions	(n)	Percentage Referred from Justice and Corrections	(n)
Government Operated					
Criminal Justice Funds	709	141.8	(5)	100.00	(5)
Substance Abuse	736	184.0	(4)	74.13	(2)
Private Organization					
Criminal Justice	925	102.8	(9)	85.20	(9)
Substance Abuse	8,819	629.9	(14)	71.47	(13)
Other	2,267	377.8	(6)	23.23	(6)
Unclassified	23	23	(1)	100.00	(1)
Totals	13,479	345.61	(39)	71.77	(36)
NON-RESIDENTIAL PROGRAMS					
Government Operated					
Criminal Justice Funds	2,978	425.42	(7)	89.37	(7)
Substance Abuse	26,360	2,636.00	(10)	41.36	(6)
Other	9,844	894.91	(11)	55.18	(11)
Private Organization					
Criminal Justice	12,624	901.71	(14)	70.57	(12)
Substance Abuse	13,154	822.13	(16)	30.31	(16)
Other	14,953	996.87	(15)	58,41	(15)
Unclassified	420	210	(2)	40.63	(1)
Totals	80,333	1,071.10	(75)	54.84	(68)

Management and primary source of contracts or funds	Admissions: Residential	(N)	Non-Residential	(N)	Percent Referred from Justice	(N)
Government						
Justice	73	(1)	14	(1)	100.00	(1)
Substance Abuse	664	(1)	454	(1)	21.91	(1)
Other	85	(1)	50	(1)	69.63	(1)
Total					63.8	
Private						
Justice	795	(6)	1,594	(6)	64.49	(6)
Substance Abuse	5,821	(10)	7,692*	(9)	44.95	(9)
Other	2,456	(9)	3,696	(9)	30.15	(8)
Total					41	
Unclassified	45	(1)			54.21	(1)
	9,939	(29)	13,502	(28)	47.35	(27)

*One extreme case—48,000 removed.

those operated directly by government had 24.7% of the volume of justice and corrections referrals; the private sector accounted for 75.2%. The cases referred to each type of organization are proportional to the numbers of such programs.

One of the striking facts is the proportion of clients referred from justice and corrections agencies to community programs whose primary source of support is drug or alcohol abuse funds (such as NIDA or NIAAA), or contracts from Department of Labor, Vocational Rehabilitation, or Mental Health. Private programs whose primary support is from criminal justice agencies comprise 22% of all programs (and 29.2% of the private programs); they handle 24.5% of the clients referred by justice and corrections sources (but 32.6% of clients sent by justice and corrections to private programs). Programs whose primary support is a contract with a drug or alcohol treatment agency comprise 29% of all organizations and 39.6% of private organizations. They receive 28.3% of the criminal justice referrals and 37.6% of such referrals to private programs.

Private organizations with other sources of primary support comprise 23% of all organizations and

Table 6 *Referrals from Criminal Justice agencies into types of programs*

Management	Percentage of all clients referred from Justice sources going to each type		Percentage of all programs interviewed	
Government				
Justice	5.4%		10%	
Substance Abuse	7.9%	24.7%	7%	26%
Other	11.4%		9%	
Private				
Justice	24.5%		22%	
Substance Abuse	28.3%	75.2%	29%	74%
Other	22.4%		23%	
Total	(45,857)		(142)	

30% of all private programs; they get 22.4% of the agency referrals which is 27% of all referrals to private programs. By comparison, community programs directly operated by corrections agencies constitute 10% of all organizations surveyed, supervising 5.4% of all cases referred from justice sources, which are about 22% of all cases directly supervised by government. Thus, most programs surveyed are neither directly corrections (government) administered nor are they private programs primarily funded by contracts from justice and corrections funding sources. Instead, other types of support fund the majority of cases referred; coupled with the fact that most organizations service a mixed clientele of "offenders" and others, it is an indication of the dispersed character of community corrections.

The data collected provide impressive indication of the under-utilization of capacity in the community-based programs. For privately operated residential programs funded primarily through criminal justice contracts, 69% of capacity (bed space) was reported utilized; for drug and alcohol programs in the private sector, the percentage was higher (86%). The overall mean (including eight government operated community-based programs) was 77% of capacity utilized. Private sector organizations operating non-residential programs only averaged about three quarters capacity; government run non-residential programs were somewhat higher. All organizations with a mix of residential and non-residential programs averaged 81.5 and 77.5% of capacity in residential and non-residential programs, respectively. It should be noted that at the time of the survey, institutional overcrowding was a serious problem in Massachusetts and Florida, and prison conditions were viewed as problematic in all five states (the Hawaii State Prison had been taken over by the National Guard and the Director of Corrections was summarily sacked; Massachusetts experienced guard strikes and inmate riots in Walpole prison; Florida was obliged to release prisoners en masse in response to court rulings on prison conditions).[3] The fact that at this time, unused space existed in community corrections facilities

[3]The 35th annual report of the Florida Probation and Parole Commission (1975) states:

> Prisons in Florida are bursting at the seams. Tents have been erected on prison grounds to provide temporary housing for the overflow. New prisons are being hastily constructed and other emergency measures are being taken. Yet, prison population projections for the future hold little hope for much improvement of the situation.

Table 7 *Capacity utilized*

Management and Primary Source of Contract Funding	Organizations With Residential Programs Only		Organizations With Non-Residential Programs Only		Organizations With a Mix of: Residential and Non-Residential			
	Mean %	(n)	Mean %	(n)	Mean %	(n)	Mean %	(n)
Government								
Justice	74.68	(4)	60.60	(5)	70.00	(1)	65.71	(1)
Substance Abuse	82.45	(4)	93.76	(10)	88.89	(1)	—	—
Other	—	—	90.10	(7)	—	—	—	—
Private								
Justice	69.03	(8)	75.46	(10)	74.19	(5)	82.29	(2)
Substance Abuse	86.39	(13)	72.62	(12)	78.67	(9)	78.29	(8)
Other	74.11	(6)	75.76	(8)	89.50	(9)	76.74	(5)
Unclassified	36.67	(1)	100.00		75.00	(1)		
Missing Data		(3)		(22)		(3)		(13)
Grand Mean	77.37		79.31		81.47		77.52	
Number of Cases		(39)		(75)		(29)		(29)

Table 8 *Referrals from Criminal Justice agencies, by source*

Total Referred	Percent from Source			Percent of all Referrals
13,659	29.8%	Police	Referral instead of sentence *or* in some cases instead of trial	46%
3,383	7.4%	Attorneys		
3,884	8.5%	Court		
5,880	12.8%	Probation	Referral of persons sentenced to a loose form of community supervision	13%
12,610	27.5%	from confinment	Referral of persons who have been confined for current offense	40%
3,286	7.2%	Prerelease		
2,617	5.7%	Parole		
538	1.0%	Other source of referral (usually another community based program)		
	99.9%			
45,857				

indicates this sector does not function as an alternative to confinement, despite extensive legislation and funding arrangements authorizing such use.

If referrals are examined by source it is clear that community-based programs do not operate to relieve use of confinement in the justice system. Data exist on the source of over 45,000 referrals to the community programs studies. Of those, 46% come from sources which made the referral in lieu of sentence or in some cases prior to trial. (Some of the "court referrals" are probably probation cases due to local classification variations.)

The bulk of these which come in lieu of sentence (30% of all cases referred) are police referrals almost all consisting of pick up and delivery to a sober-up service in San Francisco. The majority of the other cases are referred from court in pre-trial diversion, mostly young persons with no serious criminal history. Few of these persons could be said to have avoided confinement by referral to community-based programs. (A possible exception is the person who might have served jail time for marijuana use or drunken driving.) Another 13% are cases from probation; these have been sentenced to probation and would not have gone to confinement. Interview data from these indicate that the consequences for client drop-out in this category do not normally lead to revocation of probation, but instead to another effort at referral. The remaining 40% of referrals are from jail, prison (including pre-release) or parole. Clearly these clients have already been confined and the community-based program is not an alternative but an addition to the sentence. The function of community programs for pre-release may be important in shortening the sentence time inside institutions, but cannot be said to have provided a means of avoiding confinement.

The system of community corrections envisioned by liberal reformers as an alternative to traditional modes of incarceration has instead been employed by corrections professionals working within the traditional system to acquire low or no cost services with which to run programs largely for persons who are not likely to be incarcerated. The great bulk of referrals therefore do not represent alternatives to confinement but supplements to it.

In describing characteristics of private sector contractors versus government operated programs, direct budgetary comparisons are difficult and may in some instances be misleading because of different accounting practices. No simple assumption of equivalence of services provided is warranted; reported budget and reported costs are examined (budget compared with client population). Residential programs are more expensive than non-residential, but the variance for both types of programs is high. Mean daily costs for residential programs run $16 to $25 per day while non-residential services average $10 to $15 per day. The annual budget of programs, the components of the budget and the sources of income are discussed below.[3]

Staff size varied across organizations. Approximately 30% had between 1 and 5 members; another 30% had between 6 and 10; on the high end of the scale about 9% of organizations had a staff of over 30 persons. Staff allotments were about 55–67% of full time equivalents (FTE) to program positions,

[3]The phone survey of private programs throughout the United States computed the mean daily per person cost of 125 residential programs at $23.99. This is nearly identical to the 5 cities estimate of $24.82 for private residential programs.

Table 9 *Mean daily costs (in 1975 dollars)*

	Programs								
	Residential			Non-Residential			Mixed		
Government									
Criminal Justice	16.12	(4)	16.61	23.35	10.36	(6)	5.15	18.16	(1)
Drug Abuse	18.57	(1)		4.11		(5)	49.79		(1)
Other				10.62		(8)			
Private									
Criminal Justice	26.84	(8)	24.82	6.25	15.67	(11)	15.00		(6)
Drug Abuse	28.44	(11)		8.76		(11)	27.00		(7)
Other	10.79	(4)		28.81		(10)	12.44		(9)
Unclassified	43.89	(1)		6.45		(1)	91.71		(1)
Grand Mean	24.05	(29)		13.56		(52)	21.50		(25)
S.D.	22.40			22.42			29.95		

Table N = 106

Average per capita daily costs:

Public Residential	= 16.61
Private Residential	= 24.82
Public non-Residential	= 10.36
Private non-Residential	= 15.67
Public Mixed*	= 27.47
Private Mixed	= 18.16
N	= 101

* Organizations having both residential and nonresidential clients.

Table 10 *Staff size and breakdowns: mean FTEs*

Total Staff Size	Number of Organizations	Senior Administrative Staff	Professional Program Staff	Other Program Staff	Support Staff
1-5	41	.9	1.1	.6	.6
6-10	45	1.9	2.7	1.7	1.4
11-15	30	3.2	2.1	2.1	2.1
16-30	19	3.2	8.2	5.9	3.9
Over 30	14	5.0	26.9	6.4	9.6

between 13 and 23% to administrative and from 13 to 19% to support positions.

The client-staff ratio is relatively uniform across a range of different kinds of programs. Classification of programs on government-private operation, and on primary source of agency support or contracts shows all but government operated programs on "other" funds have similar client staff ratios. For government justice agency programs, the client-staff ratio is 6.9 to 1; for private organizations it is 8.3 to 1. For government drug programs the client-staff ratio is 8.8 to 1; for private programs the corresponding figure is 6.7 to 1. There is considerable variation in client-staff ratio, of course, between residential and non-residential programs. For exclusively residential programs it is 2.86 to 1; for non-residential it is 13.19 to 1; for the mixed programs the client-staff ratio is 5.84 to 1.

Government and private residential programs primarily supported by criminal justice funds are quite similar in client-staff ratio (2.88 as compared with 2.58). Drug residential programs are similar (government is 2.08 to 1, while private is 2.94 to 1). The non-residential programs are larger and there are no consistent differences between government and private programs. For whatever value it is as an indicator of organization contact with clients, the private organization does not sharply differ from the

public sector in any consistent fashion on client-staff ratio.

F. Services

Services provided by various programs, and the allocation of staff time, client time and organization resources to these services are difficult to describe in any but the most general terms. (A vocabulary is needed to specify activities structured by the organizations or behavior of staff which constitutes specific services to clients.) Using the most general and conventional categories, organizations most frequently reported providing in-house individual and group counseling (91% and 75% of organizations, respectively). Employment placement, medical services, financial support, and vocational training were next most often mentioned (64%, 51%, 44%, and 43% reporting).

In addition to funding contracts, organizations and agencies may enter into formal arrangements whereby one party agrees to provide a service to clients "sent" by another, but with no funding provided by the sending or receiving organization or agency. This arrangement may exist between an agency of jurisdiction and a community-based program or between community-based programs themselves. The "service" agreements typically concern identification and referral, criteria for referral acceptance and/or provision of a service where no money changes hands. With such arrangements it is often difficult to determine who has ultimate responsibility for service delivery.

Examination of the sample of 154 community correction organizations indicates that 51 of them had at least one formal agreement for free out-of-house services. A total of 95 service agreements were reported where no fee for service was paid (out

Table 11 *Client-staff ratio (average daily population/staff FTE)*

	CLIENT-STAFF RATIO			N of Organizations
Government				
Criminal Justice			6.9	(11)
Residential	2.88	(4)		
Non-Residential	9.71	(6)		
Mix	6.29	(1)		
Drug			8.8	(21)
Residential	2.08	(4)		
Non-Residential	17.52	(10)		
Mix	1.56	(1)		
Unclassified	8.46	(6)		
Other			22.4	(9)
Non-Residential	24.86	(8)		
Unclassified	2.89	(1)		
				(41)
Private				
Criminal Justice			8.3	(26)
Residential	2.58	(8)		
Non-Residential	14.67	(11)		
Mix	5.07	(6)		
Drug			6.7	(38)
Residential	2.94	(12)		
Non-Residential	10.21	(15)		
Mix	5.36	(10)		
Other			8.0	(26)
Residential	3.58	(6)		
Non-Residential	10.47	(11)		
Mix	7.89	(9)		
				(90)
	8.64			(131)

23 cases not sufficient data

Table 12 *Services reported by organizations*

Service	Number reporting service provided: In House	In House & Outside	Only Outside	Pct.
Individual Counseling	124	16	2	98%
Group Counseling	110	6	4	83%
Community living	54	3	13	48%
Medical services	36	15	40	63%
Vocational training	30	13	33	52%
Remedial education	33	7	27	46%
Employment placement	50	14	19	57%
Legal services	21	8	28	39%
Housing assistance	28	2	20	35%
Financial assistance	44		11	38%
Religious services	16	3	2	14%
Total cases (base)	=145			
No information	9			
	154			

Table 13 *Service agreements: number of "formal" arrangements for provision of out-of-house service, no funds exchanged*

	Frequency	Percent
Medical services	26	27
Vocational training, counseling, placement	13	15
Remedial education	10	12
Communal counseling	9	9
Individual counseling	8	8
Employment placement	8	8
Legal services	8	8
Group counseling	5	5
Housing	3	3
Religious services	3	3
Financial	2	2
	95	100

of a total of 414 agreements, formal and informal, free or paid for, with outside service providers). The services most frequently provided by agreements not involving payment were medical services with 26 different organizations having those provided by external sources under a service agreement. The next most frequently provided free service was out-of-house vocational training provided to 13 programs.

G. Program Reporting

In satisfying their need for clients and funds, community programs subject themselves to the demands of referral and funding agencies. These demands usually involve reporting on the status and progress of clients and on the expenditure of funds. In those cases in which a criminal justice agency refers clients but does not purchase services, reports are usually limited to status and progress reports. In those cases in which an agency sends funds but does not refer clients, the agency usually requires expenditure reports and some documentation of the quantity of services rendered but is seldom interested in the particularities of clients referred by a specific agency of the criminal justice system. Only in cases where a criminal justice agency sends both funds and clients to a program does it usually require accountability with respect to both the status and progress of the offender and the expenditure of funds.

The most strict set of reporting requirements exists in the area of funding with virtually every organization being periodically accountable to its funding source. Frequency of reporting varies from nearly continuous monitoring through reports at quarterly intervals. Programs providing services on a fee-for-service basis usually submit billings monthly to the funding agency. In addition, programs may be required as a condition of funding to submit to periodic program evaluation and financial audit.

Reports of nonfunding criminal justice referral sources concerning the progress of clients are characterized by somewhat more looseness than are financial reports. Some programs agree to submit written reports at regular intervals regarding any client referred from a particular criminal justice agency. Others negotiate a reporting schedule tailored to the interests of the referring agency concerning each individual client. In probation and parole departments, in which individual caseworkers are the primary contact with community programs, reports are usually informal between the program and the caseworker. Except in the case of splits, when the program typically contacts the caseworker, most informal reporting consists of telephone calls by the caseworker to the program. This process is hit and miss if carried out at all. Many caseworkers gave the impression that unless they hear otherwise they assume everything is going all right.

For the most part the level of agency monitoring encountered in this study was limited to monthly or quarterly cost reports and client rosters. This does little to address the more important question of *impact* accountability. If the purpose of enrolling correctional clients in this myriad of programs is to achieve change, there needs to be some way of assessing and evaluating this change. Among most of

the programs studied the best available accountability is *process* rather than impact oriented: project accomplishments are reported in terms of numbers of clients completing program stages; services offered; out-client (post graduation) contacts with clients. There was widespread inability on the part of administrators and program staff to account for turnover rates or value partial services. This latter is indeed a critical issue because (1) many programs have dichotomous outcome measures—a client is "drug free" or he is not—and (2) many clients leave the program or receive "incomplete" terminations (expelled). A few programs impose their own success criteria and definitions of service units. This was not in response to agency demands but rather an internal organization decision to establish performance measures and account to themselves.

H. Neighborhood Support and Opposition

The need on the one hand to prevent or neutralize neighborhood opposition and on the other to mobilize community support are important problems for most human service organizations, particularly those treating stigmatized people such as "criminals" or "dope addicts". The issues involved are of considerable complexity.

Residential programs treating drug and alcohol addicted clients have the most trouble with community opposition (with non-residential drug programs such as methadone maintenance also attracting opposition). There has been a varied response with respect to hostility with most programs actively promoting themselves to neighbors and the entire urban region, while others have either been able to successfully ignore their opponents, or had solid ethnic base of support from the immediate community.

Three situations seemed to be prevalent. In one, the organization grew from a broader mobilization of neighborhood-ethnic or community forces such as a black community multi-services center, or a hispanic or Italian neighborhood center. In this type of organization there is maximum dependence of the organization on specific support from an ethnic community but that support is usually not problematic. Ironically, although usually short of funding, sometimes receipt of federal contract or grant funds may raise an issue with the supporters for some programs, which these organizations have had to carefully address. In a second type of situation the organization has a recognized right to location and may seek to increase or maintain working ties with community interest groups. Here the effort is to neutralize actual or potential opposition. Public relations and efforts at opening communications with other groups are foci of directors and staff time. In a third situation an organization is attempting to establish a location or is fighting for survival against legal or pressure group opposition.

III. COSTS AND SOURCES OF SUPPORT

A. Finances

State and local units of government funded the largest proportion of the 119 organizations responding (47.1% and 42.0%, respectively) and contributed 38.5% of the almost $28 million in total dollar volume (but much of this is ultimately Federal funds from LEAA or NIDA). The federal level accounted for 28.2% of the total dollars and funded 33 organizations (27.7%).

Residential programs display low negative correlations between the percent of criminal justice referrals and the number of funding and referral sources. This may indicate some movement toward programs exclusively for clients from a single source, even though probation, parole and prison clients may come from that source and be competing for programs slots. Low negative relationships between the number of services provided and the proportion of referrals from pre-trial (-.2004) and post-institutional (-.3282) stages of criminal justice were found, that is, organizations receiving proportionately more clients from fewer referral sources provided fewer services—an expected market effect of monopsony.[4] Measured in another way, the number of services provided by a residential organization varied directly (.4601) with the number of funding sources; although this may be the result of larger total budgets being associated with more sources.

Similar results on these variables were not found for non-residential programs, but the number of *programs* therein was positively related to funding (.3474) and referral sources (.3328). The negative correlation (-.3935) between percent pre-trial and post-institutional referrals tends to reinforce the exclusivity of clientele for any particular vendor which may contribute to monopsonistic power on the demand side. Findings similar to the above were not found for combined residential/non-residential programs (mix).

Financial arrangements may vary significantly in terms of when payments are made in the service delivery process, the basis for determining unit costs and the units of service (clients, client days, etc.). A block grant may include start-up costs, cover only a portion of organizations total budget, specify number of clients to be serviced, etc. How these financial terms are specified will impact on the firm's cash flow; the kinds of client-related and accounting data it collects, allowable overhead rates and a host of other factors related to the organization's internal management.

Whether fee-for-service or flat grants produce lower cost services, other things being equal, cannot be determined, *a priori*, but they create very different incentives. Flat grants minimize vendors' risk in maintaining sufficient referrals to remain in business; it is the agency's responsibility to assure the service is fully utilized. (This is often not done; one case included in the study was financed by a third party and had never operated at more than one-fourth capacity.) Under a fee-for-service arrangement, however, the risk is transferred to the supplier, because fixed costs will require a certain level of referrals for revenues to begin approaching a break-even point. On the other hand, fee-for-service may include undesirable effects if the service provider is interested in maintaining a certain market share and thus delays admission when program capacity is reached.

Since this was a cross-sectional study, it was not possible to examine rigorously the entry and exit of firms from the market. During field interviews however, three factors suggested themselves: scale of operations, experience delivering similar services to other client groups and organized community support.

A large organization (budget over $1 million) delivering vocational rehabilitation services on one site was able to enter the market and establish its creditability by giving preferential treatment to justice system clients prior to any contractual agreement. Another large organization set up an almost identical offshoot of an existing program (on which it held a monopoly) to treat criminal justice clients. In addition to creating a separate program entity, a

[4]Monopsony is a concentration of one or two buyers (just as monopoly is a concentration of production in one seller).

variation on funding was secured. The earlier program was fee-for-service, while the criminal justice program was block-funded on an hourly estimate per treatment intervention.

It may not be necessary however for a large established firm to have a contract directly with a justice agency, if it has a problem focus such as drugs. A residential/non-residential drug program in one city has 70% law violators but only 10% of its funds were derived from justice agencies. In this case, the criminal justice process created a ready pool of potential clients which would be paid for by someone.

Several providers originated from community organizations which either were able to establish a performance history and then receive funds or to gain financial support for initiating services. In one instance, a community organization used its own funds and donated services to back a lay counseling program, but, three years later, was able to establish a separate organization with criminal justice monies. A residential, halfway house program in another city grew out of citizens' concerns for releasees from a state institution.

The above examples are intended to be only illustrative of three common factors which appear to have been instrumental in several firms' entry into the market. Given that most organizations studied would be considered small businesses with failure rates attending such operations, a more rigorous, time series analysis of the phenomenon would shed additional light on the underlying causes of failures and successes.

B. Product Differentiation

Product differentiation or specialization in the correctional services markets examined by this study tended to be either along a need/problem or client dimension. Transportation to a detox center is an example of the first type; general purpose halfway houses, the second. There are also mixed specializations. Drug treatment in a therapeutic community is principally problem-oriented but attempts to serve all of the client's needs. A residential program for women concentrates first and foremost on gender but deals with all problems associated with these persons. Of the sample of organizations studied in depth during this project, some newer organizations (receiving in some cases substantial funding) tended to be those with a new area of specialization. They had identified (or created) a problem group and set up a hierarchy to treat it. Several programs for women fall into this class as do some of the drug and alcohol programs.

Entry into the correctional services market as discussed earlier suggested an organization's scale of operation, its track record and political support as major factors. Organizations lacking some or all of these attributes might be well served to identify a "new" area of need and propose to treat it. Following is a brief discussion of organizations studied in-depth which offered some kind of specialization in order to enter the correctional services market.

Women's programs observed in two cities clearly were able to enter the market and obtain funding because of their specialization in both clients and services. One program limited its clients to women with no history of drug abuse or violence and was able to enter the market in a city with an old, well-established social service delivery system and a paucity of criminal justice contracts. The other specialized in women drug offenders who generally either had children or were pregnant. In both cases funding appeared to be "generous" and monitoring minimal. (The efficiency implications and client limitations will be discussed later in this section.) Staff outnumbered residents due to the variety of services deemed necessary for the clients.

The others entered the corrections market by taking specialized mental health services already being provided to the non-offender population and making them available to correctional clients. One organization accomplished this without criminal justice money; the other renamed the program in order to obtain funding (and clients).

Specialization in legal services and transportation enabled two other programs to operate in one site studied. In one, legal (and other) services are provided to jail prisoners. The other program was a pick-up service for public intoxicants designed to reduce drunk-in-public arrests. Interestingly, such arrests have remained constant, yet the program continues. One Miami program was initiated by focusing on drug and other substance abuse problems long before this area was a public priority. Primarily privately funded at first, it later was able to enter the public money market when support for these services became more prevalent.

C. Capacity Utilization

This statistic has great relevance for a firm seeking to operate efficiently. It is a comparison of a flow (average daily population) with a stock (total beds or client spaces).

In table 7 it was shown that the averages for the organizations ranged from a mean of 77.4 percent for residential programs, to a mean of 81.5% for the residential component of mixed programs. The dispersion of program values around these means was quite large. Only half of those reporting were operating at better than 80% of capacity. Average daily populations for all organization types were fairly small. Improving capacity utilization is thus a matter of filling few client spaces.

Under utilization may arise for several reasons. For any program, lack of referrals can be a problem, and the tighter the restrictions on acceptable clients (i.e., the more specialized a program is), the more likely this problem will be chronic. One program specializing in the woman offender mentioned earlier operated at 28% (5.5 clients) of capacity because they could not find a large enough pool of "qualified" clients, due to the program's highly selective screening.

External constraints may also reduce capacity utilization. The other women's program cited earlier had a house capacity of 12, but was prohibited by zoning restrictions from housing more than six women. A pick-up service for public inebriates had the resources to pick up 75 persons in a 24-hour period, but was limited to an average of 23 because of the lack of bed space at detox centers.

Greater incentive to adjust staff and resources result when clients are funded on a per diem basis: the organization is only paid for clients actually being served. One successful halfway house spends a great deal of time at referral agencies seeking clients because most of their funding is per diem.

Organizations were asked a series of questions regarding determinants of capacity and their responses to overcrowding and underutilization. Staff size was cited by 50% of the respondents as a major determinant of capacity. Bed space is a major constraint on residential (and a few non-residential) programs. Budget limitations were a factor for 26% of all programs. Organization policy was a factor for 21%, and the number of criminal justice referrals constrained 13%.

Organizational response to either overcrowding or excessive capacity yielded some interesting answers. Two-thirds of the programs say that they would respond to overcrowding by *delaying admissions*. Only one-third would refer to other organizations, 8% shorten the client's program and 5% alter client status (e.g., change from in-patient to out-patient). Apparently, the criminal justice system referrers reinforce this policy of delay by not forcing referrals to other programs. (It should be remembered, however, that underutilization rather than overcrowding is the problem in community corrections.)

D. Length of Stay

How long a client receives the services of a program has implications for cost, and, indirectly, the definition of a unit of service. Some unit cost differences are readily apparent. In Boston, for example, several residential programs provide prerelease services. The costs for completed units of service are very similar between the lowest priced program and the moderate ones simply because the average (and in some cases planned) length of stay is shorter for the latter. These programs contrast sharply with one case which not only has a higher daily cost but a substantially longer planned length of stay: a five-fold cost difference emerges. The employment programs in Miami exhibit similar characteristics. The daily costs of one program are almost twice as high as another; only a much shorter average length of stay for the first keeps the total service costs close.

E. Volunteers

On average, volunteers comprised 15% of total staff complement. Non-residential programs had the greatest mean hours of volunteer work. This may partially account for the substantial cost (mean daily cost and bed space) differential between their programs and either residential or mixed programs.

In general, private organizations are more likely to use volunteers than are government agencies, and volunteers contribute a greater proportion of total hours worked in private organizations than in government programs.

It appears clear that some programs could not compete, others could not survive and some could not meet their program objectives without volunteers. One halfway house organization pays lower salaries, is able to "divide" its senior administrators between several facilities, and uses volunteers in order to remain competitive. A therapeutic community-drug treatment program received inadequate funding to operate its house at capacity. In order to accomplish this, the staff, in their own words, do a lot of "hustling": seeking out inexpensive food sources, soliciting contributions, running fund-raising activities and using clients as volunteers. A program in Miami which also engages in such activities "saves" 21% of its budget in its non-residential

Table 14 *Volunteers*

Organization Characteristics	Mean Hours Weekly (Rounded)		Full-Time Equivalent (FTE)
Number of Full-Time Paid Employees			
1-5	69	(41)	1.7
6-10	97	(45)	2.4
11-15	47	(30)	1.2
16-30	77	(19)	1.9
over 30	192	(14)	4.8
Program Type			
Residential	38	(36)	.9
Non-Residential	141	(72)	3.5
Mixed	41	(29)	1.0

Table 15 *The percentage of all personnel who are unpaid volunteers (in Full Time Equivalents)*

Primary funding source	N	Percent volunteers
Government Programs		
Criminal Justice	(13)	7.5
Drug Treatment	(22)	3.2
Other	(12)	2.4
Privately Operated Programs		
Criminal Justice	(30)	15.3
Drugs Treatment	(12)	9.6
Other	(31)	13.6
Table Cases	(150)	
Missing	(4)	
Total	(154)	

programs and 31% in its residential operations through the use of volunteers.

Dade, Madison and Honolulu all had programs in which volunteer usage was a stated program objective. The Dade program actually doubled its budget when volunteer costs and other donated services were taken into account. A deferred prosecution program cost 18% more and a counseling service to probationers cost 29% more. One program explicitly stated the value of the "free" resources it used at the hourly rate for the professional's time. Volunteers and other external resources represent one major vehicle for an organization seeking to foster some community involvement and reduce the total cost to its funding source.

F. Total Budget

Correlations were computed between a large number of independent variables and two dependent variables measuring cost: total budget, and average bed costs. Regression analysis was used on mean daily cost, of chief interest because it translates the budget into costs for the current client population. Regressions were run for the total number of organizations, as well as for only privately operated programs. In each type costs were expressed and regression analysis run separately for residential, non-residential and mixed (both residential and non-residential) programs.

Generally, for residential, non-residential and mixed organizations, the major determinants of total annual budget were those associated with scale and public monies. For residential programs, 94% of the variation in this dependent variable was explained by total government dollars.

Non-residential organizations had even more of their budget variations explained by total government dollars: $R^2 = .976$. Mixed organizations exhibited the same influences with smaller magnitude. The fact that many organizations received government money at some level largely accounts for these results. Government money is substantial enough that its variation alone will cause major fluctuations in an organization's budget. Staff are a large enough budget component (over 60% of total cost) that additions or deletions will explain most of the remaining variation. In a sense, the correlation with government money is a sign that program budgets may be adjusted to the contributions of the government, rather than the other way around. On-site visits reinforce this; several organizations with reductions in government allocations were forced to revise their budgets downward—they were unable to make up the difference from other sources.

G. Mean Daily Costs (MDC)

Variation in these costs was less explainable by one or two independent variables. In addition, different variables were significant for each kind of organization.

Residential programs required six variables to explain 99% of the average daily cost variation, of which capacity utilization and total capacity explain 27%. In the case of capacity utilization, a negative relationship implies lower MDC as more beds are filled, suggesting a substantial fixed cost component. In other words, a certain core staff or physical plant may be adequate for a range of daily populations. Since it is not always easy to hire fractions of people or buildings, these resources will be underutilized with small populations and therefore substantial increments will not be immediately necessary as

Table 16 *Mean daily cost: regression analysis*
Multiple correlations (R), proportion of variance accounted for (R^2), and simple correlation (r)

Variable	R	R^2	R^2 Change	r
All *residential* programs:				
Capacity Utilized	.3406	.1160	.1160	−.3406
Total Capacity	.5154	.2657	.1497	−.2426
Total Budget	.7297	.5325	.2668	.1642
Total Government Funds	.8168	.6672	.1347	.1423
Number Referral Sources	.9987	.9975	.3303	.2412
Percent Admission Referred	.9994	.9988	.0013	.2727
All *Non-residential* programs:				
Program Staff	.3060	.0936	.0936	.3060
Percent Admissions Referred	.3641	.1325	.0389	.1135
Total Capacity	.4389	.1926	.0601	−.1993
Total Volunteer FTE	.4869	.2371	.0444	−.1053
% Local Dollars	.5223	.2728	.0357	−.1664
Number of Funding Sources	.5638	.3178	.0450	.1494
Turnover Rate	.5928	.3515	.0336	.1581
Total Admissions	.6247	.3903	.0388	−.0573
Total Government Dollars	.6634	.4401	.0498	.1987
$Total Budget	.7163	.5131	.0730	.2223
% Corrections Referrals	.8145	.6634	.1502	−.1096
Number of Programs	.9840	.9683	.3049	−.1880
% Probation Referrals	.9869	.9741	.0058	.2307
Number of Referral Sources	.9880	.9762	.0020	.0790
% Federal Dollars	.9891	.9783	.0021	.1157
Number of Services	.9896	.9793	.0010	−.2288
All *Mixed* programs:				
Total Staff FTE	.7432	.5523	.5523	.7432
Number of Services	.7911	.6258	.0734	−.2025
Number of Programs	.8114	.6584	.0326	.5298
Total Capacity	.8584	.7370	.0785	−.1388
Total Volunteer FTE	.8768	.7688	.0318	−.3140
% Support Staff FTE	.8906	.7931	.0243	−.1385
Total Admissions	.9049	.8189	.0257	.1200
% Corrections Referrals	.9152	.8377	.0187	.0121
% Probation Referrals	.9193	.8452	.0075	−.1228
% DIV Referrals	.9303	.8656	.0203	.1310
$Total Budget	.9328	.8702	.0045	.6848
% Program Staff FTE	.9344	.8731	.0029	.2673

population increases. The daily client cost will decline as it is spread over more clients.

Total capacity, total budget, total government funds, number of referral sources and the percentage of admissions which a criminal justice system refers, account for nearly all the variance in mean daily cost in residential programs. For non-residential programs, MDC is a function of a larger number of variables: total program staff, percentage of admissions referred from justice agencies and total capacity are the highest contributors. For programs with both residential and non-residential programs, mean daily cost was a function of total staff size, number of services offered (but negatively, suggesting a quality, intensity or other aspect of program which we have not measured) number of programs and total capacity. These four account for 74% of the variance of MDC.

Daily cost assuming full capacity is highly correlated with the actual mean daily cost; for residential programs r = .78, for non-residential r = .93. For mixed programs mean daily cost correlates .82 with this measure.

There is some interest in reducing the data set to only the privately operated programs. A reduced set of independent variables was used omitting several budget variables, to determine the contribution of non-monetary influences.

Table 17 *Mean daily cost*

Regression analysis: multiple correlations (R), proportion of variance accounted for (R^2), and simple correlation (r).

	R	R^2	R^2 change	r
Private Residential Only	N=25	DV=Mean Daily Cost		
CSRATIO	.4657	.2169	.2169	−.4657
CAPUTL	.6029	.3634	.1466	−.3644
PCTSUS	.6807	.4634	.0998	−.2177
PCTPRO	.6853	.4696	.0062	.2746
PCTDIV	.6920	.4789	.0093	.1163
PCTREF	.6989	.4885	.0096	.3196
TURNOV	.7024	.4934	.0049	−.0330
PCTSAS	.7043	.4960	.0027	−.2178
VOLFTE	.7061	.4987	.0027	−.1223
Private Non-Residential Only	N=37			
CSRATIO	.35	.1284	.1284	−.3583
PCTSAS	.4063	.1651	.0367	.0418
CAPUTL	.4569	.2088	.0437	.0245
PCTPRO	.5113	.2614	.0526	.1997
PCTREF	.5970	.3564	.0950	.1185
PCTDIV	.6345	.4026	.0426	−.0680
PCTCOR	.6547	.4287	.0261	−.1243
TURNOV	.6650	.4422	.0135	.0370
VOLFTE	.6689	.4474	.0052	−.0442
PCTPGS	.6695	.4483	.0009	.0623
Private Mixed Residential and Non-Residential	N=21			
CSRATIO	.4332	.1876	.1876	−.4332
CAPUTL	.5701	.3246	.1370	−.2680
PCTPRO	.6228	.3879	.0633	−.1694
PCTCOR	.6632	.4399	.0520	−.1685
NSERVC	.7140	.5098	.0699	−.1999
PCTPGS	.7463	.5570	.0472	.1321
TURNOV	.7550	.5852	.0283	.0442
PCTSAS	.7671	.5885	.0032	−.1174
PCTREF	.7700	.5928	.0044	−.0765
VOLFTE	.7730	.5976	.0047	−.2572

In the private sector the variables which account for variance in mean daily cost are similar across residential, non-residential and mixed programs. The client staff ratio is the first variable to enter in all three equations. The capacity utilized was always either second or third, and the percentage of all referrals contributed by probation entered third or fourth in all cases.

While averages, medians and trends have been derived and discussed for the organizations in this study, this is still an area that is characterized by great diversity regarding what is being provided, how it is provided, and for whom. If this system of social service delivery is to grow in the future, substantially more economics research is needed in order to:

1. develop better definitions of and measures for units of output;
2. better estimate and compare the costs associated with these service units; this will require more complete and accurate data on the contributions of the community at large (volunteers), other units of government (subsidy), and social service agencies in general (manpower, welfare, drug rehabilitation, etc.);
3. improve the quality of contracts which delineate the programmatic and fiscal relationships between the service provider and the agency ultimately responsible for the client;
4. foster more understanding of and research on consumer preference—how to more thoroughly involve the ultimate consumer (the correctional client) in decisions regarding his welfare.

IV. ISSUES IN PLANNING AND RESEARCH

A. Is There a System of Community Corrections?

Most of the community-based programs to which offenders are referred by corrections or the court, have a mixed clientele of offenders and non-offenders. Outside of criminal justice funded programs, clientele average about half justice agency referred.

For the criminal justice referral agent with responsibilities for supervision and control over his client as well as rehabilitative concerns, to narrow the choice to programs exclusively for offenders and/or run or primarily funded by justice sources, would be to leave out the majority of services now available to and being used by justice agencies. Most programs used by offenders (on referral) are also used by non-offenders (or self-referred offenders). Most of the agencies we surveyed left decision-making on referrals in the hands of individual caseworkers whose knowledge of the programs available varied considerably, as did their propensity to refer (and the correlation was not always positive).

Given the absence of up-to-date and comprehensive city-wide directories of community services available to correctional agencies, the presence of caseworker autonomy (under conditions where typically the caseworker is young, new to the job and handling a heavy caseload), in a community where most services are available in general social welfare programs, do we have a community correctional system at all? The experience of the five cities studied suggests more of a dispersed array rather than a system. However, there are five elements that portend the emergence of a system: (1) government funded offender only programs contracted to private organizations; (2) community-based programs run by corrections agencies; (3) coordinating referral agencies; (4) offense-specific community programs; and (5) state planning agencies and substance abuse consortia of private and government service programs.

B. The Emerging System

1. *Government funded offender only programs.* LEAA (and other government agencies) now fund residential and non-residential programs for offenders only. In Dade County for example the Comprehensive Offender Program funded by LEAA supports 5 programs, two privately run halfway houses, and 3 privately run non-residential programs. CETA funds support job training and job placement programs specifically for offenders. These funds do not come directly from Washington, but are funneled through state and/or county boards or planning agencies.

2. *Corrections agencies run community programs.* State Departments of Correction, the Federal Bureau of Prisons and various state parole and probation boards have entered community corrections programming ether directly or via contracting. Thus in Florida the State Probation and Parole Commission directly runs two halfway houses for parolees. While more typically Departments of Correction either directly run or contract for the running of pre-release centers, e.g., in Massachusetts the Department of Corrections operates three pre-release centers; in Hawaii the Department of Corrections operates two pre-release centers; the Federal Bureau of Prisons runs a community treatment center in the San Francisco Bay area. Arrangements in which an offender may finish out his sentence at a halfway house with a DOC contract also exist.

3. *Coordinating referral agencies.* Our interviews showed that a sizable number of persons did not simply get sent from an original agency of jurisdiction to a program with services. Instead in most places organizations have developed that bring together persons with a similar problem, or criminal status. TASC (Treatment Alternatives to Street Crime) is an attempt to identify and refer opiate abusers to appropriate community-based facilities. Another agency refers all persons convicted of an alcohol-related offense to appropriate community programs. A number of programs for certain statuses of offenders (e.g., first offenders, misdemeanants) also have emerged whose basic task is to refer the offender to the proper in-community program to learn, work or receive a treatment.

These agencies bring together persons and treat them as a genre of client in need of help by community service providers and because of the

large number of clients involved become highly visible to these service providers.

4. *Offense-specific programs.* These are programs that coordinative referral agencies will often send their clients to. They are normally focused on specific offenses (and do referring if at all as a secondary, not primary task). The many drunk driving schools across the country fit this model, as do various programs for illicit substance users.

5. *Substance abuse consortia and state planning agencies.* In the area of drug and alcohol rehabilitation the Federal government has moved strongly to require detailed information on programs in order to be eligible for funds. Laws generally require that considerable attention be given to record keeping and that programs be open for inspection. Further, funds may come from a single source such as a unit of a state planning agency, or a county planning board. This had led a large number of organizations to face similar hurdles in gathering funds and clients from a few sources (a unit of local government for funds, a coordinative referral agency for clients) and under these conditions "trade associations" (groups of substance abuse service providers collected into an association) have emerged to bargain with planning agencies.

The Omnibus Crime Control Act itself, while an expression of "New Federalism", mandated setting up State Planning Agencies for the purposes of comprehensive planning for criminal justice improvement and dispersing funds. Other Federal laws separately for alcohol, drug abuse and mental health also induced states to set up single state agencies to plan, coordinate and administer each of these domains for rehabilitation services.

With the Federal government emphasizing comprehensive planning in a number of areas and requiring the development of single state agencies to administer the overall state effort and distribute funds in those areas, the beginning of a community correctional system can be seen.

C. Comprehensive Planning

The issues raised by comprehensive planning efforts are fundamental. There are many difficulties in achieving the objective of system coordination. Data on funding and contracting indicate that the system is complex, that LEAA (directly or via State Planning Agencies) by no means enjoys a monopoly on the funding of halfway houses; that organizations other than halfway houses contribute a considerable amount of the services constituting community corrections. The legal and functional arrangements in justice and corrections make acceptance of comprehensive planning of referral and contracting problematic at the very least.

The dilemma between the potential over-control of Federal regulation and the potential abuses of unregulated private enterprise is not peculiar to corrections' or justice agencys' use of private organizations to provide services. It is a general problem where public needs are recognized and government introduces supports to specific programs to meet those needs. There are indications that future expansion of community-based programs in justice and corrections will raise the salience of the issue, as it already has arisen in other Federally stimulated programs.

The relationship between organizations which provide correctional services, funding sources, and sources of referrals is complex. If community-based corrections is to be responsible for any substantial number of persons officially "diverted" from the court or under sentence to probation or corrections, this will likely include the private sector because today services are diverse and are supplied largely by private organizations. Service delivery will be paid for from various sources: grants, entitlements and contracts. Entitlements refer to a very large population of individual citizens; grants are broad and offer less opportunity for control over time. It appears currently that contractors are preferred over either grants or entitlements by those responsible for designing and administering correctional programs. This trend seems likely to continue to be the preference in the immediate future.

In the present situation and in the foreseeable future, expansion by community corrections is dependent on Federal aid, directly through Washington or the State Planning Agencies, or indirectly through LEAA funds via pass through State and local offices or subcontracts with what we have called agencies of jurisdiction which have received support from State Planning Agencies or from drug abuse, labor (manpower) and mental health funding. If left to State and local budgets, pressures are strong to expend tax-based funds on existing agencies; if left to private contributions and United Way funding, programs remain more or less autonomous and may or may not comply with the legal or administrative rules for public offenders. In either event, such private community-based programs are unlikely to receive many persons under sentence to corrections.

If that is the case, community corrections presents an example of what some writers have referred to as internal foreign aid. Problems in Federal programs

for the relief of perceived crises in U.S. cities have been compared with the provision of foreign aid to under-developed nations, specifically the need for donor agencies to set up dependable channels for dispersement of funds and the need to have working relationships with usually remote groups and individuals who must implement programs supported. Although it is comparing foreign aid with the Economic Development Administration in Oakland, the following passage may easily be extended to contracting for corrections services in the community.

> "an important internal goal for an organization is the rationalization of its work schedule. It must secure for itself a stable flow of business so it can allocate its time and resources. When many of the recipients . . . are disorderly and unstable, this means the . . . donor has an interest in establishing a steady flow of projects requesting funds. Should the recipient . . . be unable to supply this flow the donor organization will stimulate it by engaging in a form of vertical integration. It sends out teams that suggest the kind of projects desired and that may even help draw them out. It seeks oases of calm and stability in the form of autonomous organizations that do not have to follow civil services regulations and that control their own funds. The donor establishes genial relationships with sub-units in the recipient nation. . . . They have a supportive relationship: one spends and the other supplies the money." (Pressman and Wildavsky, 1973, p. 137)

Pressman and Wildavsky point out the great difficulty of implementing projects after funding is arranged because of the many different interests and layers of legal and informal clearances which are typically involved in public programs, particularly and apparently inevitably when local governments are involved. For this reason the donor agency becomes concerned with local level coordination even though publicly expressing the great value of local effort to solve local problems.

From the standpoint of either a community or the service provider, contracts open the possibility of starting or extending services which are felt to be needed. This is not without cost to the recipient. In interviews with personnel of agencies as well as directors of private programs, contracting was often discussed in ambivalent terms. Those in local or state government or boards of directors of organizations providing client services expressed concern over whether to venture into a given program effort when the opportunity for support arose (either assured or in the form of a RFP). On the level of local government Pressman and Wildavsky write:

> For the host . . . aid is both an opportunity and a problem. It is an opportunity to overcome the perennial shortage of funds for investments; it is a problem because it is not easy to determine which projects should be supported and because the expenditures always include local funds that are in perpetually short supply. (p. 138)

For the time being, little attention is being given to alternatives to implementation of comprehensive planning. It might be appropriate to simply attempt to work within the present diffuse system, providing greater information about community services to agency caseworkers, instituting training in case placement and monitoring and encouraging or requiring sharing of referral information between caseworkers.[5] Such efforts might be more beneficial than realizing a fully integrated and coordinated system.

Despite an emphasis on the value of comprehensive planning, the prospect of corrections increasing contracting with private organizations is by no means assured; it is heavily dependent on Federal and State funding and it is ultimately a question of the mix of private-government management. Whether specific offices and agencies will find increased contracting advantageous seems likely to depend on the extent to which the agency has the capability of monitoring the contractor. Without oversight and auditing capability there is a real question whether contracting will deliver higher quality service. The agency needs to know what service is delivered and at what cost. It needs to have a reasonable assessment of program effects.

The view of a number of middle management persons interviewed in both government agencies and private service programs is that the nature of the corrections agency changes when it shifts to contracting out responsibility for direct client services. The primary concern of the agency becomes the evaluation of programs rather than the supervision of cases. A major concern of the contractor is to assure a reasonably predictable flow of referrals (and reimbursements) to meet payroll expenses and maintain organizational continuity from one fiscal period to the next. For both parties, it is not sufficient to learn what is being done only at the end of a budget period.

[5] For a successful program along these lines in a government job placement agency see Blau (1955).

D. The Need for Jointly Planned Monitoring

One inescapable conclusion of the survey is the necessity for any jurisdiction contemplating greater reliance on contracting to set to work to develop a procedure for monitoring these services. Contracting will lead to greater system efficiency only if monitoring capability is developed from the beginning. With such extreme heterogeneity, conventional tallies from supervising caseworkers simply do not show that is going on. Nor is it likely that the organizations will be able to comply with one simple set of forms for tabulating client flow or status. The absence of central data files, the difficulty of access of data both in the private organizations and in public agencies and the potential privacy issues of client-based data make *ad hoc* efforts costly and frustrating. Planning then should involve jointly both referral sources and private service contractors to develop a mutually workable procedure. However, a sense of restraint is needed in what may be reasonably expected from such a monitoring system. One of the dilemmas of contracting is to decide the relative stress on comprehensive planning versus private enterprise.

Private organizations are viewed as being *more* likely to have ties with the community in which they are located, to be faster at getting building and zoning variance approved, and are felt to be more cost effective and easier to dismantle after project usefulness is finished. From the private vendor it is hoped that greater flexibility, faster set up time, more innovative programs, higher street credibility, lessened undesirable labeling of clients, lower political liability to agencies, lower costs and greater efficiency may result. However, the problems of resource allocation planning, administrative coordination, and legal requirements of due process, equity and protection of public interests raise the issue of accountability. Particularly since it is government through the exercise of criminal justice which is responsible for persons becoming clients of the community program, it is incumbent upon government not to abandon its responsibility to private parties and thus smuggle in government by persons neither elected nor appointed. Yet to impose governmental requirements beyond a reasonable degree upon private organizations is to defeat the very purposes of contracting out for certain services. Clearly extensive contracting requires both accountability and the retaining of the free market mechanisms. Admittedly this is hard to implement. But only planning which proceeds under these two priorities is likely to prove helpful.

A coordinated and integrated system when working as planned is more efficient than a dispersed system; it concentrates responsibility while making its services more readily available and accessible to clients. However, it also concentrates power, while it routinizes services and the paths to services. Thus a comprehensive integrated service provider system even when based on private suppliers loses some of the flexibility attributed to the private sector. And just as an integrated system may apply a "good new idea" to all of its components, it may also block a "good new idea" from being employed by any of its components.

The emerging system is a planned one. The dispersed set it is replacing gave considerable responsibility for service delivery to individual caseworkers who worked out arrangements on a case-by-case basis, with the quality of the referring dependent on caseworker information, talent and propensity to refer.

The benefits of planning are many. However, if the planned economy comes to exclude the free market we may be prematurely foreclosing on an important option for correctional service provision.

E. Avenues for Future Research

The experience of this research leads us to ask the following questions about community corrections in urban America:

1. Is the system of referral to community programs centralized or dispersed? What is the number of independent referring agencies and how are referral decisions made?
2. How many levels of the adjudication process permit diversion to community programs?
3. Is the referral to an integrated network of service providers a dispersed array or something in between?
4. Is service delivery monitored by referring (or funding) agencies and how is monitoring done?
5. What is the volume of community corrections activity?
6. How rigid is the system of service provision (organization turnover)? How many new service providers entered the market last year, how many have disappeared over the last 12 months, and what kind of changes have occurred in surviving programs?
7. How diverse is community corrections funding?
8. How close to capacity are programs operating?

The most needed and promising topics for *immediate* study appear to us to be (1) studies on the

capacity of community-based private contractors for supervision and services to a determined number of clients of various types, (2) the logic of decision making in referring clients to community-based programs, (3) contract monitoring. These will be discussed very briefly in the concluding pages of this report.

F. Capacity of Community-Based Private Programs for Correctional Supervision of Various Kinds of Referrals

The capacity of community-based programs in an adequate sample of potential service providers should include client flow characteristics and characteristics of clients admitted.

1) Client flow characteristics include (a) program varieties: services rendered, obligations and opportunities for clients. (The time estimated for services to be delivered or client response must be assessed, since the present practice of largely unspecified time periods is unlikely to be acceptable if contracting increases. Certain organizations now operating on definite time periods could be assessed to provide the experience base for development of an acceptable set of standards.) (b) More needs to be known about the proportion of clients screened; who are admitted, specific functional intake criteria; proportion of admissions who prematurely withdraw from the program (split); proportion of admissions who are expelled from the program; proportion who are convicted of a new offense or otherwise returned to custody or removed from the program by the referring agency.

2) Characteristics of clients admitted to various types of programs include (a) personal, (b) prior criminal and correctional record, (c) present commitment offense. More needs to be known about the effect of various kinds of clients and services on *costs* of programs.

3) Capacity of community-based programs to be stated in terms of (a) types of client referred, (b) amount of time supervised, (c) estimated completion rate, (d) type of service delivered and whether residential or non-residential.

4) The experience of the study just completed suggests data are unlikely to be available without advance preparation for collection involving: (a) commitment from funding and referral sources, as well as agreement of private contractors, to provide offender based and organization based data to the study; (b) clearance to tabulate data from protected files (such as CODAP and probation records); (c) realistic pre-survey of the agencies and contractors to estimate access cost of a wide range of information items, and to plan realistic data collection procedures; and (d) joint agency-contractor-State Planning Agency-research project development of an acceptable procedure for tracking cases from sentence to referral to program termination.

Jurisdictional and data base problems would be reduced if statewide studies were conducted. While a separate problem, the investment of the research should permit subsequent follow-up to assess recidivism against a suitable comparison or control sample.

G. The Logic of Decision Making in Referring Clients to CBP

A separate or related inquiry should be made into the means by which referrals are currently made by caseworkers and agencies and the development of a workable procedure for profiling existing community organizations, pooling this information for ready access and display to caseworkers, and follow-up on clients referred to any program. For any large community it is likely this information system would have to be computer based with access from remote terminals and daily up-date. Emergency service and placement within hours or days was frequently mentioned in interviews as a primary need of supervising agencies, and a usable information system must be able to provide immediately current data on an interactive basis.

H. Contract Monitoring

Program outputs cannot be assessed by either management or the funding or referral source in the absence of realistic and objective standards of service delivery. Contract monitoring could be examined by initially examining other forms of human services contracting, as well as in business and engineering services.

Contract monitoring in corrections should be addressed to problems of: (a) accountability as just sentence alternatives, (b) providing usable measures of service delivery and client response, (c) providing usable cost estimates, (d) functioning as motivation for service efficiency and effectiveness. Particularly incentive contracting (payment according to effects produced) should be explored. Comparative data exist not only in other human services (such as

education) but in some European countries (notably the Netherlands) which have been experimenting with incentive contracting in juvenile and adult corrections.

Many of the above questions require data which can only be obtained by a research oriented record keeping system. It is not realistic to request such data from many agencies and organizations without prior arrangements. A research effort should be prepared to support added costs of such record keeping. Some benefit could be provided to the organizations by subsequently translating the research record keeping system into a managerial information system suitable to the small, non-bureaucratized firm. Ultimately contract monitoring, managerial effectiveness and accountability protective of clients' rights would be served by the development of a realistic and functioning information system for private contractors in corrections and justice services.

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